

# The American Journal of ECONOMICS *and* SOCIOLOGY

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Published QUARTERLY under grant from the Robert Schalkenbach Foundation in the interest of constructive synthesis in the social sciences.

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## Some Economic Problems of Allied Occupation Policy in Germany

By S. G. WENNBERG

ALLIED AND AMERICAN occupation policy in Germany has been the target of a great deal of criticism in Congress, in the public press and in the statements of private citizens just returned from a "look see." Much of that criticism has been valid, constructive and helpful. But even more of it has been uninformed, ill-considered or purely sensational. The conflicting nature of the criticism has tended to confuse and bewilder, and has had the effect of reducing public interest in one of the important problems confronting the nation.

The purpose of this article is to review briefly and as objectively as possible the experience of Military Government during the period to the early months of 1946, and to examine some of the problems and implications of American and Allied occupation policy. Throughout, emphasis will be placed upon the economic aspects of that policy and upon the economic problems to which it has given rise.

### I

AMERICAN OCCUPATION POLICY was expressed in a directive to the Commander-in-Chief of the United States occupation

forces.<sup>1</sup> That directive, known as JCS 1067, called for the occupation of Germany for an unspecified but presumably considerable period. The occupation was, however, to be for only very limited purposes. We were to make certain that Germany would never again become a threat to the peace of the world, and we were to wrest from Germany a measure of reparations to the countries which she had devastated. To accomplish these aims, Germany was to be demilitarized and disarmed. The Nazi party, its formations, affiliated associations and supervised organizations, as well as all Nazi public institutions, were to be destroyed. All members of the Nazi party who had been more than nominal participants in its activities, all active supporters of Nazism or militarism and all other persons hostile to Allied purposes were to be removed from public offices and from positions of importance in quasi-public and private enterprise.

The German economy was to be decentralized and all agencies and organizations—whether public, quasi-public or private—that had served as means of mobilizing German resources for economic and military aggression were to be abolished. Military Government was to impose controls “to the full extent necessary to achieve industrial disarmament of Germany.” All industrial capacity in “war industries” and all excess capacity in certain specified industries were to be made available for reparations or destroyed.

Military Government was to require maximum output of coal and agricultural products. It was to facilitate restoration of essential transportation services and public utilities as well as emergency repair and construction of minimum

<sup>1</sup> Joint Chiefs of Staff, *Directive to Commander-in-Chief of U. S. Forces of Occupation Regarding the Military Government of Germany* (JCS 1067). The policy expressed in this document was developed over a period of more than two years by a number of co-operating Washington agencies, including the Department of State, the War and Navy Departments, the Foreign Economic Administration, the Treasury Department and the Office of Strategic Services. The directive first appeared as a “top secret” document in the summer of 1944. It was subsequently revised and the final version, dated April 26, 1945, was released to the press on October 17, 1945.

shelter requirements. It was to take measures to prevent runaway inflation and to provide equitable inter-zonal distribution of available goods and services. But otherwise Military Government was to take no action that would tend to rebuild German economic organization or to strengthen her economy. JCS 1067 clearly envisaged a future German economy deprived of much of its industrial capacity. Agriculture and "light consumer goods industries" were to be emphasized. Even so, there is nothing in the document to suggest unqualified acceptance of the Morgenthau Plan.<sup>2</sup>

American policy, as expressed by JCS 1067, has been roundly criticized. It has been described as "a policy of retribution" and it has been denounced because "it tears down, it punishes, it calls for years of suppression if not oppression."<sup>3</sup> It cannot be gainsaid that JCS 1067 expressed firm policy and perhaps even hard policy. But it was a policy designed to achieve aims other than mere retribution. Foremost among those aims was the prevention of another war. The harshness of the policy and the severity of the means which it prescribed, were dictated by the conviction that the lust for aggrandizement, the glorification of war, and the worship at the altar of Germany's Destiny are so deeply ingrained in the very fiber of the German people that they cannot be eradicated. They can only be neutralized and made impotent.

The testimony of competent observers in Germany has tended to support the soundness of this thesis. It is the almost unanimous opinion of these observers that the Germans have learned very little from the destruction of their cities, the death of their young, and the suffering of those remaining alive. Perhaps it would be unreasonable to expect that mere

<sup>2</sup> "My own program for ending the menace of German aggression consists, in its simplest terms, of depriving Germany of all heavy industries." Henry Morgenthau, Jr.: "Germany Is Our Problem" (New York, Harper & Brothers, 1945), p. 16.

<sup>3</sup> See for example the thought-provoking article by Laird Bell, "Policy over Berlin," *The University of Chicago Magazine*, Vol. 38, No. 3 (January, 1946), pp. 5-9.

defeat should change the fundamental tenets of a people. The Germans are still Germans: anti-semitic, Nazi, Pan-German. They still believe in a Hitler, in the superiority of the German master race and in the German Destiny. Their faith thrives on tragedy. If left alone, they will try again. Not this year nor next, but twenty-five or fifty years hence. If this is an accurate assessment of the German mind, then we are squarely saddled with a "white man's burden" of retaining control for a long time to come. It may be distasteful and costly. But the cost is essential to secure the investment of thousands of lives lost, four years wasted and untold resources dissipated.

The severity of our policy, especially as it found expression in particular measures and procedures, is further explained on another ground. JCS 1067 was basically completed as early as in the summer of 1944. At that time it was generally believed that the war would be fought to an end outside the borders of Germany. It was assumed that, at the time of surrender, Germany would still be a going concern with a functioning bureaucracy (if not a government) and that, in spite of heavy bombings and social and political upheavals, German economic capacity would still remain formidable. As long as our planning started from the assumption of a relatively strong, virile and potent Germany it was inevitable that a policy directive which went beyond a mere statement of purpose and got itself involved in procedure, should stress repressive measures. Of course, this assumption did not prove true in fact. Our basic policy directive ought to have been revised to reflect conditions as they actually turned out, but no such revision was made.<sup>4</sup>

The failure to revise JCS 1067 cannot be excused on the

<sup>4</sup> On December 12, 1945, the Department of State issued a statement on "The Reparations Settlement and the Peacetime Economy of Germany." The statement provided American interpretation of the Potsdam Agreement and, at the same time, declared new policy. However, there has been no thorough-going revision of JCS 1067. See Department of State, *Bulletin*, Vol. XIII, No. 338 (December 16, 1945), pp. 964-6.



ground that such revision was made unnecessary by the conclusion of the Potsdam Agreement which established overriding Allied policy. The fact is that the two documents did not cover exactly the same fields. Important segments of the policy established by JCS 1067 continued therefore in force, and the need for a revised, realistic American policy remained unsatisfied. It was not a question of a "hard" or "soft" treatment of Germany, but rather one of establishing policy that would effectively accomplish the aims of the occupation and prove workable in a country utterly disrupted and paralyzed by war and humiliating defeat.

JCS 1067 is not a thoroughly workable document. For example, in compliance with the letter and spirit of that directive the American Military Government has consistently attempted to limit its control activities to matters of direct Allied concern. It has insisted that the German authorities and the German people assume responsibility for the thankless task of extracting their country from the mire of defeat and destruction. They, and not the occupation authorities, must shoulder the consequences of failure.

The policy seems reasonable enough in the abstract. In practice, however, it may well prove to be one of the most serious mistakes of our German venture. So far, the Germans have been unable to cope with their own problems. They have found themselves hopelessly handicapped by the restrictions imposed by quadripartite occupation. As a result they have been forced to look to the occupation authorities for help. But, true to stated policy, American Military Government has steadfastly held aloof from problems which it considered purely German internal affairs.

In this respect our policy has differed radically from that of the Soviet Military Government. While we have sought by every means to limit our activities and reduce our personnel, the Soviets have expanded theirs. While we have

shrugged our shoulders and expressed our unconcern, the Soviets have pitched in. They have furnished guidance and leadership and, whenever necessary, they have taken complete charge. If, in the end, the Soviets should succeed in selling their brand of democracy to the Germans, their policy of active and sympathetic co-operation in the solution of German internal problems is likely to be an important element in that success.

## II

A GREAT DEAL of the criticism of Military Government has centered around the painfully slow recovery of the German economy. As late as ten months after surrender that economy remained essentially paralyzed. Industrial production was virtually at a standstill. In the American zone the rate of output was a mere 10 or 12 per cent of normal. In the British and Soviet zones it was probably somewhat higher, but total production fell far short of meeting even the most urgent needs of the German people. Trade, except in essential foodstuffs, was practically non-existent. Insofar as goods were still bought and sold, official prices were surprisingly well observed. But money had lost much of its meaning; the Germans turned increasingly to barter as means of securing the necessities of life. Civilian freight traffic was a mere trickle and passenger trains were few and far between. It was possible to send a letter anywhere in Germany, but there was no telegraph and no inter-zonal telephone service. Most communities were more or less completely isolated from the rest of the country. They were worlds unto themselves, existing on their own resources.

Housing conditions, particularly in the larger cities, were appalling and even emergency repairs were making little headway.<sup>5</sup> The German people were short of all manner of

<sup>5</sup> It was estimated that the "habitable" shelter space in Berlin averaged less than 30 square feet per capita. Conditions were hardly better in other large cities.

essential commodities. There was no coal for space heating. Clothing and other textiles were unavailable. There was an acute shortage of soap and many drugs. Cigarettes sold on the Berlin black market for \$100 per carton. A bar of candy was a priceless luxury. In March the British and French Military Governments were compelled to reduce the already meager food rations and on April 1, the American authorities followed their example.<sup>6</sup> It was announced that continued distribution of even the reduced rations was contingent on the receipt of large food imports from the United States.

It cannot be denied that the form and policies of the occupation tended to deepen and prolong the German economic paralysis. The mere presence of large Allied armies was an impediment to recovery. The American troops were supplied with food and equipment brought from the United States. Even so, however, they made large demands on German transportation, housing facilities, fuel and manpower. The British followed much the same policy as we, but the French and especially the Soviet troops were of necessity living off the land. Their requirements constituted a heavy drain on Germany's meager resources.

The de-nazification program was an essential element of political and economic disarmament.<sup>7</sup> But de-nazification

<sup>6</sup> The official ration for the "normal" consumer was reduced from 1,550 calories a day to 1,050 calories in the British zone and to 1,275 calories in the American zone. Additional reduction in total consumption was brought about by critical re-examination of the rosters of more favored consumer classifications. (Cf. *New York Times*, March 30, 1946, p. 6.) No similar reduction was announced for the Soviet zone. It was believed that "normal" rations there varied locally from 1,100 to 1,500 calories a day. (Cf. *New York Times*, March 20, 1946.)

<sup>7</sup> The de-nazification program has variously been criticized as being "too severe" or "not severe enough." My own criticism is of another sort. It seems to me that the inventor of the term "de-nazification" committed a great disservice. The enemies of a future peace are not only the Nazis. They include all those German men and women whom German history, tradition and national philosophy have made unfit to live in a world dedicated to peace. The term de-nazification has led us to overlook a great many of them, to emphasize "automatic arrest categories" and to let ourselves be hypnotized by dates and by membership cards. I fail to see how a de-nazification program broadly conceived, can be "turned over to the Germans." Such a plan was announced in April; cf. *St. Louis Post Dispatch*, April 9, 1946.

contributed to Germany's economic difficulties. The program was directed not only against individuals. It was equally aimed at the destruction of the complex system of administrative agencies and organizations which the Nazis—and the imperialistic Pan-Germans before them—constructed for the purpose of controlling and mobilizing German resources. That destruction was largely accomplished. But it created a void. For years the German industrialist and business man had been told what to do, when to do it and how to do it. Now there was no one to tell them. At least, there was no one in the American zone. And with the silencing of their master's voice the German business men were incapable of acting.

An even greater problem was created by the division of the country into four zones of occupation. The economy of pre-surrender Germany was one of centralized control and dispersed production. Plans and programs were fashioned in Berlin and obediently executed elsewhere. Industrial raw materials and primary products, insofar as they were indigenous to Germany, came largely from the fringe country: the Ruhr, the Saar, Silesia and Pomerania. Manufacture, processing and assembly were done elsewhere; and the final products were consumed throughout the country and the world at large. Germany was an economic unit with each part dependent on all other parts. It was a highly developed and finely balanced mechanism.

The Potsdam Agreement spoke piously about preserving the economic unity of Germany. But facts differed from expressed policy. Whatever the intention, the zones of occupation became much more than mere zones of military commands in which each of the occupying forces was responsible primarily for security, law and order. Each power brought into its zone the concept of its sovereignty. It ran the zone according to its own political and economic stand-



ards and ideologies. It looked upon the zone as its own preserve in which it had special rights of exploitation. In its nobler moments it felt a particular responsibility for the zone; and it balked at any program that would remove from the zone any of its meager resources, even though those resources were more badly needed elsewhere in Germany. So, from an economic point of view, the country was effectively divided into four parts. Because of the traditional unity and interdependence of the German economy, that division constituted a formidable barrier to economic recovery.

The occupying powers were, of course, fully aware of this problem. For months, American Military Government worked for closer unification. It fought on the Control Council for the establishment of free inter-zonal trade, and it succeeded finally in securing agreement in principle. But the agreement specified no less than seventeen categories of goods in which trade was to continue restricted. These categories were extremely broad. They included, for example, all foods and feed stuffs, all textiles and textile raw materials, all highway vehicles and parts, and all locomotives and rolling stock. In short, they embraced most of the commodities for which there was a real demand in the emergency. These goods could be traded between the zones only with the consent and under the supervision of the zone commanders involved. In practice this meant that trade in these commodities was confined to occasional emergency transactions arranged by two occupying powers.

Even in the case of the so-called "free" commodities, free inter-zonal trade was more hypothetical than real. With communications highly unsatisfactory, with crippling restrictions on inter-zonal travel, with transportation facilities more than inadequate and with almost unsurmountable difficulties of financing, no great volume of trade could be expected. If we add the absence of goods and hazards of the

road reminiscent of the days of the real robber barons, it is not surprising that trade just did not flow.

The problem of inter-zonal trade was only one facet of the broader problem of quadripartite government. Under the terms of surrender Germany was to be administered by the four occupying powers acting jointly. The success of this experiment during the first ten months of occupation surpassed all reasonable expectations. The Allied Control Council succeeded not only in dealing with urgent problems as they arose from time to time, but it reached also agreements of fundamental importance relating to the future Germany. The success augured well for the future of international co-operation.

But to say that the experiment was successful is by no means the same as saying that there were no problems, or that quadripartite administration was an ideal arrangement from the German point of view. The mere establishment of effective international government required time. There were inevitable difficulties ranging from language problems to the necessity of compromising divergent programs, policies and even aims. As a consequence, progress was frequently slower than the situation demanded. And in the absence of agreed upon quadripartite policy each occupying power proceeded to work out problems in its own zone. The result was diversification of practices and intensification of the partition of Germany.

### III

NO REAL GERMAN ECONOMIC recovery can be expected without the restoration of the essential economic unity of the country. Drastic modification of occupation policies, as they have evolved in practice, is therefore necessary. Each occupying power must be willing to renounce any claim to special economic privileges in its zone and to transfer to the Allied Control Council full and effective control over all

economic matters. As a matter of practical operation it is neither possible nor desirable for the Control Council to attempt to exercise such control in detail. A central German economic control agency must therefore be established to administer economic policy as determined by the Control Council.

The Potsdam Agreement provided for such a system of economic administration. It called for common policies in regard to a comprehensive list of economic subjects and it specified that, in the imposition and maintenance of economic controls, German administrative machinery was to be created and the German authorities required to assume responsibility. It called specifically for the establishment of central German administrative departments in the fields of finance, transport, communications, foreign trade and industry.

In spite of American pressure, however, no central economic department had been established by the end of the period under review. The French were opposed. They feared that the creation of a German central administration would restore the system by which Germany had successfully controlled and mobilized her economy for war. Moreover, they attempted to use their veto power as a means of forcing consideration of the French proposal that the Rhur and the Rhineland be internationalized.<sup>8</sup> As a party to the Potsdam Agreement the Soviets were committed to the establishment of a central German administration. They insisted, however, that in the Soviet zone such an administration should work through a German zonal agency over which they could exercise appropriate control. The Americans opposed this

<sup>8</sup> Although the French proposal was submitted to the Council of Foreign Ministers for consideration, the Allied Control Council—with French participation—proceeded to work out its industrial disarmament and reparations program on the assumption that the Ruhr and the Rhineland will remain parts of Germany. If this assumption should be vitiated by acceptance of the French proposal, the program must be completely revised. In the following discussion it is assumed that the frontiers of Germany will finally be established approximately as outlined by the Potsdam Agreement.

plan because they saw in it the perpetuation of the zone as an administrative unit and the defeat of the economic unification of Germany. Because of these divergent views no progress was possible.

The French opposition is not only understandable but appears to have considerable merit. The importance of centralized control to the German preparation for economic and military aggression cannot be overemphasized. The fact remains, however, that in an economy of extreme shortages central planning and control are essential. The solution of the dilemma must therefore be sought, not in the denial of an indispensable instrument, but rather in the control of its use. The scope, functions and powers of the central administration ought to be limited from the outset and progressively reduced as shortages are worked off and the need for control minimized. The goal should always be the greatest possible degree of administrative and economic decentralization.<sup>9</sup>

The permanent loss of the areas east of the Oder-Neisse line to the New Poland added materially to Germany's economic difficulties. These areas contained almost 25 per cent of Germany's arable land. They produced vital surplus crops of grain, potatoes, sugar and livestock.<sup>10</sup> They furnished 16 per cent of Germany's hard coal and they contained important industries. Moreover, Rump Germany was faced with the necessity of finding room for and resettling the more

<sup>9</sup> Economic decentralization can become effective and enduring only to the extent that the geographical units of decentralization are soundly based on economic considerations. American Military Government may be seriously criticized because it planned decentralization entirely in terms of traditional political units, some of which were woefully obsolete and unworkable. Although the most obvious blunder was corrected by combining Hessen-Nassau and Hessen into one unit, Grosse Hesse, the units existing at the end of the period under review were still highly unsatisfactory from an economic point of view.

<sup>10</sup> On the basis of the 1932-37 average the area east of the Oder-Neisse with only 14.3 per cent of the population of the Old Reich and 20.3 per cent of the agricultural labor force produced 17.1 per cent of the wheat, 31.4 per cent of the rye, 24.1 per cent of the barley, 29.8 per cent of the potatoes and 24.7 per cent of the sugar beets. In 1939, it had 20.7 per cent of the cattle, 22.7 per cent of the pigs and 19.6 per cent of Germany's total sheep population.



than seven million Germans who lived in the ceded territories. It is scarcely an overstatement to say that the mass migration of these people, together with the compulsory movement into Germany of almost four million Germans from Sudetenland and Hungary constituted a formidable problem.

Allied contributions to German economic difficulties have obviously been considerable. But the critic who attempts to place entire blame for Germany's plight on Allied policies or on the ineptness of Military Government, is not stating the case fairly. To a very large extent the causes of Germany's economic stagnation must be sought in the consequences of war and in the weakness of the German system itself. A totalitarian form of organization is peculiarly vulnerable. Once it starts to crack it is almost inevitable that the breakdown should grow like a cancer until it is complete and absolute. That is exactly what happened in Germany in the weeks and days before surrender. When the Allied Control Council took command only a few scattered and ineffective remnants of German administrative organization were to be found. It is idle to speculate on what might have happened without the energetic and effective intervention of Military Government. The important fact is that Military Government did succeed in bringing order in the chaos. However slowly the German economic machinery may be turning, it was Military Government that set it in motion and, at the end of the period under review, it was Military Government that kept it going.

The physical destruction of capital equipment of all kinds would in any event have made recovery slow and difficult. There was an endless task of repairing and rebuilding.<sup>11</sup> Even more important, the German economy was largely exhausted. The most critical deficiencies were those of coal and trans-

<sup>11</sup> The importance of the physical damage to German industry should not be overemphasized. Much of the damage was repairable and considerable plant capacity could have been put back in working conditions within a relatively short period of time.

portation. But Germany was short of practically all important raw materials and essential supplies. Factories were frequently started up only to exhaust whatever fuel or raw materials they had on hand. A machine wore out or a part broke. In any event, the factories came to a grinding stop because there were no raw materials, no fuel, no spare parts and no new machines to be had.

The exhaustion was so complete that, even under the most favorable conditions, restoration of a reasonable operating balance would have required a long time. To be sure, the economic unification of Germany might have relieved the shortage problem to some extent. But it would by no means have solved it. Germany has always depended on imports of raw materials and supplies. A beaten Germany could hardly have competed successfully for its import requirements even if it had been given free access to foreign markets. As it was, it could only appeal to the charity of the victor nations.

Germany's shortage problem may well become worse before it is finally relieved. Insufficient seeds and fertilizers are likely to reduce the 1946 crop. Available textile capacity and raw materials will probably fall short of providing essential replacement needs. Housing repairs may not suffice to meet the shelter requirements of the millions of people who must move into Germany under the mass migration programs. The fuel shortage may be somewhat relieved, but other deficiencies will probably reduce industrial activity still further. Military Government or no Military Government, the Germans must look forward to a period of extreme poverty.

#### IV

FAR MORE IMPORTANT than the immediate problem of German economic recovery are the long-run problems related to reparations and industrial disarmament. The Potsdam

Agreement confirmed the Yalta decision "that Germany be compelled to compensate to the greatest possible extent for the loss and suffering that she has caused to the United Nations." The agreement specified in broad terms the sources of reparations, but it left to the Allied Control Council the task of determining their exact form and amount. American representatives on the Council advocated that reparations be secured mainly from German capital equipment and German foreign assets.

The reasons for this proposal are fairly obvious. Large monetary reparations were impractical and reparations out of current output could, at best, be very limited. There was not and, for some time, there could not be much current production. Such output as was available for shipment abroad was needed for sale as exports in order to provide means for paying for Germany's essential imports. Moreover, the experience after the last war demonstrated that current reparations were an important factor in building up Germany's industrial capacity. They tended to make the recipients dependent upon Germany for continuous supplies of additional equipment and spare parts. Hence, they served as a means of perpetuating and extending Germany's industrial hegemony.

Reparations in the form of German external assets offered none of these disadvantages. On the contrary, they were likely to serve as a means of breaking Germany's stranglehold on industry abroad. The wisdom of reparations payments by the removal of German capital equipment was much more debatable. But this form of reparations offered the obvious advantage of permitting reconciliation of the reparations and industrial disarmament programs.

The American proposal was accepted as a working basis. And in March, less than two months after the deadline specified by the Potsdam Agreement, the Allied Control Council

announced that it had accomplished the remarkable feat of reaching agreement on a combined reparations and industrial disarmament program.<sup>12</sup> The program called for a drastic reduction of Germany's industrial capacity to permit a total production of 50 to 55 per cent of the 1938 output. War industries and industries closely related to war were to be prohibited and removed. Other basic industries were to be severely curtailed and their "excess capacity" made available as reparations. Steel capacity, for example, was to be reduced from a wartime peak of 25,000,000 ingot metric tons to 7,500,000 metric tons and production was to be limited to 5,800,000 metric tons annually. Electric power capacity, which was about 22,000,000 kilowatts in 1937, was to be reduced to 9,000,000 kilowatts. The machine-tool industry was to retain only 11.4 per cent of its 1938 capacity and the production of certain types of machine tools was prohibited. The program called for similar reductions in a large number of other industries.

On the other hand, the program called for maximum output of agricultural products, coal, potash, and building materials other than cement. The production of synthetic fibers was to be encouraged in order to reduce Germany's import requirements. Light consumer goods industries were likewise to be expanded. It was expected that mining and industrial production would eventually provide sufficient exports to pay for essential imports valued at 3 billion Reichsmarks in terms of 1936 prices. This figure represents a considerable reduction from the actual imports in 1936 of 4,210,000,000 Reichsmarks and exports of 4,768,000,000 Reichsmarks.

The Control Council program gives concrete expression to the Allied policy that Germany must be prevented from waging another war and that she must be required to pay

<sup>12</sup> *New York Times*, March 29, 1946, p. 10.



some measure of reparations to the devastated countries. But it raises also a host of problems. From a simple disarmament point of view the first problem is whether the program calls for significant action. The advent of the atomic bomb must have removed any lingering doubt about the necessity for a disarmament program designed to control Germany's capacity to wage war. The Allies are exerting their energies to develop international controls to prevent the use of this terrible weapon by nations that have a long record of devotion to peace. Surely, in these circumstances, no one will question the necessity of imposing stringent controls on Germany.

The question is simply whether an industrial disarmament program, such as that proposed, will contribute significantly to a practical scheme of controls. We know the important industrial requirements of a war such as that we have just fought. But do we also know the essentials for waging the next war? The advent of the V-weapons suggested that we are standing on the threshold of a new era in warfare, and the atomic bomb appears to make the revolution a certainty. The Allied Control Council has planned Germany's industrial disarmament program in terms of the requirements and the weapons of World War II. Has it in fact been playing with bow-and-arrow factories? Is it possible that by blowing up factories and removing equipment that would soon be obsolete anyway, we are merely clearing the decks for Germany's development in an atomic age?

The answer to these questions is probably that man cannot be omniscient. We can plan only in terms of our current knowledge and experience. And in those terms the industrial disarmament program appears to be a reasonable and necessary part of any control scheme. The chief danger is that, once having done the job, we may become unwary and complacent. If we are to prevent Germany—or a group of

Germans bent on revenge—from developing and using the bomb, our controls must be comprehensive, continuous and flexible.

It is impossible to predict the exact effect of the industrial disarmament and reparations program on the future German standard of living. The postwar standard will certainly be much lower than that prevailing during the years immediately preceding the war. But the reduction will be brought about by a combination of forces. The combined impact of the damage and disorganization wrought by war, the inevitable costs of reconversion from war to peace, the stifling effect of economic exhaustion, the loss of the area east of the Oder-Neisse and the handicaps imposed by occupation are likely to prove far more significant than the effect of the industrial disarmament program. That program is no Morgenthau Plan. It does not call for a pastoral Germany. On the contrary, it intends to leave Germany sufficient industrial capacity to meet domestic needs and to provide sufficient exports to pay for essential imports.

Much of the removals of plant and equipment required by the program will not seriously affect an economy designed for peace. Plants producing implements of war are not needed in such an economy. And in the case of many industries that serve both war and peace, the program calls for removal only of capacity in excess of reasonable peace-time requirements. A steel production of 5.8 million metric tons, for example, is likely to prove ample to permit maintenance and expansion of Germany's peace industries and to provide considerable exports of machinery and other manufactured products.<sup>13</sup> Similarly, the need for Germany's huge electric power capacity disappears with the elimination or

<sup>13</sup> The most careful estimates of Germany's postwar industrial requirements have been made by the Foreign Economic Administration, Enemy Branch, and published as: *A Program for German Economic and Industrial Disarmament, Final Report* (Washington, 1945). F.E.A. believes that an annual production of 5 million metric tons of steel ingots and castings will amply meet Germany's postwar requirements.

curtailment of such heavy power-consuming industries as the light metals, the ferro-alloy, and the synthetic oil industry. A postwar capacity of 9 million kilowatts should, therefore, suffice. To the extent that the program calls for the removal of "excess" capacity and to the extent that it permits and encourages the development of "peaceful" industries, its depressive effects are likely to be tempered by the emergence of an industrial economy that is better balanced in terms of peacetime requirements.

One of the greatest problems the German economy will face in the postwar period is the provision of sufficient exports to pay for essential imports. The program calls for intensified agricultural production as well as for a reduction in the quantity and quality of the national diet.<sup>14</sup> But these measures will hardly suffice to offset the loss of Germany's food surplus area of the east. Food imports must, therefore, be larger than ever. On the other hand, imports of industrial raw materials and consumer goods of a non-essential nature will be greatly reduced. The net result should be a considerable reduction in total import requirements. Even so, however, the problem of establishing a trade balance is likely to prove extremely difficult. In the past, 60 to 65 per cent of Germany's exports consisted of the products of the metal, engineering and chemical industries. Under the program these exports will be so drastically curtailed that even

<sup>14</sup> Agricultural production is to be maximized by: (a) Increasing the area under cultivation. Considerable areas were formerly used for military installations of all kinds, hunting preserves or were simply permitted to lie waste. These areas will be made available for agriculture. Additional land may be put into crop by reversing the recent trend of increasing forest area at the expense of farm land. (b) Dividing large estates. Contrary to popular belief such estates are common not only in East Prussia but also in Mecklenburg, Pomerania, Westphalia, Bavaria, Hanover and other provinces. (c) Shifting from animal to vegetable crops requiring smaller areas per unit of nutrition. (d) Consolidating uneconomic farm "strips" into more productive units. The program calls for a national diet averaging about 2,700 calories per day, or only moderately less than the average prewar diet. The diet will, however, be of considerably poorer quality, emphasizing carbohydrates. The consumption of meats, fats and dairy products will be reduced by one-third. The program as it now stands is purely a transitional emergency program and will presumably be adjusted as conditions change.

minimum imports can be covered only by sharply increased exports of coal and light industry products. But such export capacity cannot be created overnight nor can markets be developed immediately.<sup>15</sup> It is therefore quite likely that Germany will have to depend on Allied charity for a period considerably longer than that contemplated by the program.

Moreover, the export-import balance envisaged by the program has been planned on the assumption that the total population of Rump Germany will not exceed 66.5 million people. The figure is a rank compromise. It may well prove low by five or six million.<sup>16</sup> If this should be the case, Germany's import requirements will far exceed her capacity to export. The result will be a reduction in the German standard of living much greater than that contemplated by the program.

# V

THE EFFECT of the industrial disarmament and reparations program is by no means confined to Germany itself. Germany has traditionally been the workshop of Europe. It has long been the pivot of the European economic system. Europe—and the rest of the world—have depended on Germany as a source of supply and as a market for raw materials and primary products. A drastic curtailment of German industry will, therefore, affect the whole European economy and may bring about serious consequences.

There can be little doubt that, in the short run, removal of German industrial capacity must mean a substantial loss to those countries that have depended on Germany for the

<sup>15</sup> The program calls, for example, for exports of 45,000,000 metric tons of coal annually as against prewar exports of only 27,000,000 metric tons. Such an increase appears possible only on the assumption of a rapid expansion of industrial activity in the rest of Europe or a substantial reduction in British exports.

<sup>16</sup> Total population at the end of 1945 was estimated to be 65.4 million. The number of Germans still to be moved from New Poland, Sudetenland and Hungary might well increase the total to 72 million. On the basis of 72 million, the density of population of Rump Germany would be 518 persons per square mile as against a density of 364 in Germany in 1937. These figures emphasize the need for imports of food and other essentials.

supply of industrial products. The magnitude of that loss is, of course, unmeasurable. But it is certainly likely to be much less than it might have been under happier circumstances. As it is, German industrial production could hardly be expected to contribute in any large measure to the reconstruction of Europe. Germany industry is at a standstill and early, large-scale resumption of industrial activity would hardly be possible even in the absence of an industrial disarmament program. Nevertheless, German industry—in isolated cases—might have been able to furnish vital parts or machines that are essential to the reactivation of industries in United Nations countries.

Far more important, however, are the long run effects of the program. If Europe has in fact depended on Germany in the degree suggested by the critics of the program, any disturbance of this relationship may bring about unbearable losses to the well-being of Europe. It is, of course, true that 70 per cent of Germany's exports were normally sold in European markets and that these exports constituted a large percentage of the total imports of a number of European countries. But the significance of the established patterns may easily be exaggerated. The dependence of Europe on Germany for industrial products does not appear to have been inevitable. As a matter of fact, in 1938, Europe—including Great Britain but excluding Germany and Russia—was a net exporter of many of the products of those industries that are most vitally affected by the industrial disarmament program. For example, Europe, so defined, was a net exporter of iron and steel and their manufactures to the amount of \$160 million. It was a net exporter of vehicles to the amount of \$54 million and of chemicals to the amount of \$16 million. It had a small import balance of slightly more than \$2 million in the case of electrical machinery and a moderately large import balance of about \$25 million for other



products. These needs could probably be supplied by Great Britain and the United States.

Germany has no overwhelming advantages that single it out as the only possible locus for a European industrial development. It has a central location, a large domestic market and the know-how and industry of its people. It has its coal, potash, salt and lumber. These factors add up to a considerable advantage. But they do not explain fully Germany's industrial development. That development, at least in part, has been forced and artificial. It was made possible by a deliberate policy of ruthless exploitation, unfair competition and downright cheating. It used such means as international cartels, patent restrictions, exchange rigging, dumping and all the other weapons of economic warfare. Its aim was to build a German war industry and to secure German economic domination. And by these means Germany succeeded in thwarting industrial development elsewhere and in imposing economic vassalage on large parts of Europe.

Because German industrial development has been directed by political as much as by economic considerations, its industrial economy is unbalanced. The production of aluminum in Germany is 25 per cent more expensive than elsewhere. Yet, Germany has a huge aluminum capacity. It was developed because aluminum is necessary for waging war. The synthetic oil industry and the rubber substitute industries are likewise uneconomical. They were promoted with war in mind. The removal of those industries should cause no permanent injury to Europe. Even in the case of less war-like industries, the German industrial economy shows a peculiar lack of balance. The iron and steel industry, the chemical industry, the machine industry and many another heavy industry are so overbuilt that they can operate only with government aid or other artificial advantages. They

can prosper only when Germany is preparing for or waging war. The removal of their excess capacity may prove a handicap during the reconstruction period, but it should not constitute too serious a loss to Europe in the long run.

Nevertheless, it would be folly to maintain that the industrial disarmament and reparations program will involve Europe and the world in no cost. Even when industrial disarmament is accomplished by removal as reparations rather than by destruction there will be heavy losses of capital investment because of the non-mobility of great parts of many plants. In the case of those industries in which Germany has natural or acquired advantages there will be loss of efficiency, temporary or permanent. In all cases there will be heavy costs of adjustment. Countries that have looked on Germany as a market for their produce must develop new outlets. Those that have relied on German industry to furnish manufactured products and industrial equipment must find new sources of supply. The permanent elimination of Germany as a supplier may in many cases make it difficult or impossible to obtain equipment or spare parts necessary to continued use of existing capital installations.

But adjustments of this sort have taken place after every war. Nations have a great capacity for adapting their economies to the needs of changing conditions. Great Britain, Belgium and Norway demonstrated that after the first World War. And by removing forever Germany's power to mold the economies of other countries to her purposes, the industrial disarmament program may enable adjustments that will eventually bring about a more soundly balanced European economy. The adjustments will certainly not be painless or without cost. But it is to be hoped that the cost will not be excessive in terms of greater security and added likelihood of lasting peace.

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## Growth of the Democratic Idea

IF RECENT GENERATIONS have been confused in their efforts to master the sciences with their kaleidoscopic technological applications, it has been chiefly because of their failure so far to know what democracy is and how to apply it. To Plato, democracy meant the right of the freemen of Athens to rule in their own mutual interest. To the men of property and propriety who presided over the American Revolution it meant the right of those qualified by wealth and religious affiliation to vote and hold office. The French Revolution at one stage went even farther in extending the suffrage, to the horror of many leaders of the American Revolution and the delight of the author of the Declaration of Independence. To Lord John Russell and his liberal followers the English Reform Bill of 1832, extending the right to vote to the upper middle class, was the completion of democracy. Eventually, however, with mountainous labor, universal suffrage was won both in America and in Europe and even generally extended to women. Each additional step was compelled by the insistence of a socially lower group upon the right to vote and thus to participate in the control of the general conditions of life.

Democracy, conceived principally as the right to vote and to hold office, expresses an essentially individualistic philosophy, *i.e.*, open wide the doors of opportunity and let the individual succeed or fail as his endowments may ordain. It has been the predominant view of democracy and under its sign have been evolved the principal physiognomies of the modern age, both good and bad.

But parallel to this individualistic concept of democracy has developed and grown the tenet that political democracy is not enough, that it is at best an instrument for the achievement of economic and social democracy, that is to say a society in which no person has too little and no one too much. According to this concept the state is not merely a democratically elected referee to enforce the rules of the game in which the free individual works out his own destiny within the national group, but a positive instrument with which collective society establishes and maintains decent standards of life for all of its members. Today, when with the aid of controlled nature one man can produce in half an hour what formerly required a whole day, it is held, there is no reason either moral or necessary why there should not be work at comfortable wages for all, with suffering for none. There exists no longer any excuse for too little food and clothing for anyone, or inadequate medical and hospital care, or poor shelter in unsatisfactory neighborhoods.

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# National Self-determination — Forgotten and Remembered

By ERNST WILHELM MEYER

*Though the general practice now appears to be to fit the populations to arbitrary borders instead of fitting the borders to the populations, the Big Five could do worse than consult the people themselves.*

THE NEW YORK TIMES<sup>1</sup>

IN THE PROCESS of drawing new territorial boundaries the big powers seem, at present, to be determined to disregard a principle which was once proclaimed as essential for the establishment of a just and durable peace. It is the principle of national self-determination to which Woodrow Wilson referred in the famous words: "Self-determination is not a mere phrase. . . . Peoples and provinces are not to be bartered about from sovereignty to sovereignty as if they were mere chattels and pawns in a game." Later the Soviet government solemnly proclaimed the same principle and even inserted it into the Soviet Constitution, specifically granting to its peoples the right of secession.

At Teheran, at Yalta, at Potsdam, in London, in New York, at virtually all important war and post-war conferences, the question of new boundaries has formed the foreground or the background of many of the most basic decisions. Evidently no other principle, therefore, merits closer attention and scrutiny in our days than this principle which will have either to be abandoned, if harmful, or else to be used, if, as Wilson thought, indispensable. The worst course would be to render to it demoralizing lip-service.

The principle of natural self-determination is related to another principle, that of self-government. Nevertheless, it is

<sup>1</sup> Sept. 18, 1945.

better that the two be distinguished from each other. The principle of self-government concerns primarily problems of political independence, but does not, like the principle of national self-determination, aim at setting a norm for the solution of boundary problems. Consequently, the Atlantic Charter clearly separates the principle for "all peoples to choose the form of government under which they will live" (Article 3) from the principle "to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned" (Article 2).

This principle, as stated in Article 2 of the Charter, developed under the impact of the struggles for national freedom and consolidation. For this reason it is often identified with national, if not nationalistic motives. But this is not always correct. For example, Austrians, inhabitants of one of the oldest lands of the German nation, may prefer to belong to a Danubian federation or to form an independent Austria, instead of belonging to a German Reich. Therefore, it often would be preferable to speak of "State"—instead of "nation"—self-determination. But both terms mostly mean the same.

Many reasons are proffered why the principle should now be disregarded in spite of its inclusion in the Atlantic Charter underwritten by all the United Nations. It is emphasized not only that the Charter does not apply to the former Axis countries, but also that the principle, even among the United Nations, could not and cannot always prevail because of the divergence of political views and the resultant necessity of making political compromises. The Soviet government had declared the inclusion of Latvia, Estonia, Lithuania, Eastern Poland, and Bessarabia in the Soviet Union as being final without plebiscites after the pattern of the internationally supervised plebiscites held after the First World War.



However, no principle recognized as fundamental loses its validity when it is not always observed. Otherwise, our times would have to be regarded as almost void of principles and civilization. For almost all principles have met with violations, and never has any era of history characterized by absence of principles been called an era of civilization. Besides, the United Nations have assured the world that the Atlantic Charter continues to be an "expression of fundamental objectives . . . toward which we . . . are directing our policies."

Under such circumstances the conclusion could well appear cogent that the principle of national self-determination, proclaimed as one of the most basic foundations of international peace and order, would in the years to come have to be strengthened. This would have to take place not in spite of the fact that the principle in recent practice has proved to be too weak but because of that fact. Since the strengthening of the principle is of such importance, it will not brook delay.

But all this presupposes the validity of the principle as such. The question still remains, however, whether, regardless of its wide recognition, the principle itself is not rather a phantom principle, one for all practical purposes invalidated by a set of objections of far greater weight. Together with this first question, two other questions immediately present themselves. Is, if need be, a substitute available, such as transfer of population? Furthermore, what specific measures could be considered in the interest of international reconciliation, especially in Eastern Europe, where the task of drawing boundaries is especially fraught with the gravest danger?

### Objections

THE SPECIFIC OBJECTIONS raised against the principle as such have found considerable support.

It is argued that national self-determination by necessity would lead to a "Balkanization" of the continents. In America it is sometimes pointed out that, for example, Long Island or California could not be granted the right of self-determination if thereupon its citizens would like to become independent or to join another country. But no citizens of Long Island or California have ever uttered such a desire. In fact, they all enjoy self-determination. Neither has the principle to do with uncivilized tribes in Central Africa or the South Sea. The principle, as matters stand, refers to peoples who for centuries have been parts of the family of nations. It refers to territories almost exclusively located in Europe.

To be sure, the right of self-determination—like every right—is subject to the danger of abuse and needs limitation lest it lead to disintegration. If, in 1905, Norway had not seceded from Sweden, probably Hitler's invasion of Norway would have involved Sweden, the strongest Scandinavian power, also, and consequently would have found much stronger resistance. If, furthermore, the Habsburg Empire had not been dismembered, perhaps no Second World War would have occurred. Nevertheless, Sweden, in a most exemplary attitude, did not resist the secession of Norway. And justly, no member of the United Nations would think of turning against the independence of Czechoslovakia or Yugoslavia as succession-states of the Habsburg empire.

Both examples do not prove anything against the principle of national self-determination as such. They prove something else. They prove that the granting of national self-determination must be only a first step. Others must follow immediately tending towards the prevention of accompanying disadvantages and guaranteeing new forms of co-operation. In addition, it goes without saying that self-determination cannot be granted to populations which are not frontier-

populations, but are enclaves surrounded by other populations. Otherwise, the creation of national enclaves would offer ample pretexts for provoking conflicts. Provided, however, that limitations of that kind are observed, not only will the danger of "Balkanization" be avoided, but, on the contrary, the establishment of regional continental organizations on a supra-national basis will be furthered.

It is said, secondly, that self-determination has to be denied when economic considerations plead against it. Again it can be answered that under such a point of view the Habsburg monarchy, perfectly balanced economically, should never have been dismembered and so Yugoslavia and Czechoslovakia should not have come into existence. But very rightly the citizens of both countries will maintain that they value their Yugoslav and Czechoslovakian citizenship as highly as Britishers or Americans value their own and that economic benefits would never be sufficient to compensate them for loss of their national independence. Of course, economic points of view likewise have to be taken into consideration. However, one very properly can say that all economic necessities could be taken care of much better when self-determination is granted while at the same time economic sovereignty is limited, whereas political coercion, forcing people to live under the rule of alien governments, almost necessarily would lead to lasting political tensions and under such tensions economic interests themselves would constantly suffer.

Historical objections, too, are raised. Scholars and pseudo-scholars, in Hitlerian manner going back a thousand or many hundred years, try to find out which territories "originally" were inhabited by members of one or the other nationality; then they claim that these territories should be "returned" to the alleged "original" owners. Similar arguments were used also by Mussolini when he aspired to re-establish the old

Roman Empire. By referring to "historical" frontiers of past times almost any willful territorial claim can be presented as just and fair.

We are also assured that more important than the principle of self-determination is that of military security, which is supposed always to be entitled to first consideration in cases of conflict of principles. Strangely enough, the biggest powers appear to be the most worried about their security. However, in the march of history, the military arguments have always been interminable. At the same time, they always have been least helpful to the cause of peace. When a country possesses the sovereignty over the mouth of a river, it wants for military reasons the sovereignty over the whole river. When its territory is on one side of a sea, it wants for military reasons a foothold on the other side of the sea. When it possesses iron ore, it needs for military reasons the neighbor's coal mines. When it has built a fortress on the frontier, it needs for military reasons the forefield of the fortress and, later, the forefield of the forefield. Yet, no rivers and mountains, no "security zones" and "geological" frontiers offer, especially in an "atomic age," the same protection as a peace based on national self-determination granted to our neighbor when we claim national self-determination for ourselves.

It is even pretended that unfavorable experiences resulting from the application of the principle of national self-determination in the peace treaties of the First World War forbid its re-application. The truth is, however, that tensions resulted primarily not where it was applied, but where it was denied. Especially did America and England early recognize that denial of the principle of self-determination in those peace treaties was destined to weaken the peace. The fact that Hitler later could successfully abuse the principle impairs its validity as little as any rights of men and nations can ever be invalidated by their abuse.

Neither can the principle be made superfluous by granting to populations forced under alien sovereignty so-called minority rights. How difficult, how hopeless and often how dangerous it is to claim such rights before international courts or other authorities, Hoover and Gibson have emphatically stated. To be sure, protection of minorities by specific stipulations is not without value. Yet he is a utopian who over-values such protection because he does not recognize the enormous superiority of every governmental organization in comparison with a cumbersome minority machinery, even under a democratic system, not to speak of non-democratic ones.

#### Substitutes

TO SUM UP, none of the arguments raised against the principle of self-determination appears convincing. That, often, they are offered in the best faith should not be denied. Frequently, however, they are construed in the interest of power-policy. Very often they are also the result of nothing better than a policy of the most unimaginative expediency preferring the easiest momentary palliative to the best lasting solution.

When we come to a discussion of the substitutes suggested for the principle of self-determination, we cannot, for lack of space, deal with all of them. Among them, however, one can rightly claim to be especially characteristic of the decline of western civilization: It is the recipe of an exchange and transfer of populations on a grand scale. This substitute won adherents following the Greek-Turkish exchange of populations, though this was a very small affair in comparison with the enormous projects now under way.

About 330,000 Greeks living in Asia Minor had, in consequence of the treaty of Lausanne, been "transferred" from Asia Minor to Europe and been "exchanged" against about



200,000 Turks living there. For about three thousand years Greeks had lived in Asia Minor. Only in the twentieth century after Christ did this appear no longer tolerable. No one who has not seen with his own eyes the human suffering of these "exchanged" Greeks can sufficiently imagine it. Help came to them from the League of Nations and from the United States, but it could not prevent their living for many years under the most pitiful conditions. Their adaptation to new ways of life and work offered enormous difficulties. Still worse than all physical and economic hardships were, however, their mental and psychological sufferings, the destruction of family connections, and the spread of vice and crime. Inner political tensions, always serious in Greece, now became tragically and dangerously magnified to such an extent that up to the outbreak of the Second World War they continued widely unabated. Propaganda tried to make the world believe that the Greek nation had been indemnified by advantages resulting from industries transplanted together with the population, primarily by the transplantation of the Smyrna carpet industry. But the European Greeks, in their sober realism, called their Asiatic co-nationals "prosphyges," "refugees," which they were. They were, besides, the predecessors of many millions of other refugees who in the following decades were driven from their ancestral soil and homes.

Moreover, even the international result of the Greek-Turkish population transfer must appear as of rather doubtful value. A large percentage of the refugees were resettled on the narrow coastal strip of land which separates Bulgaria from the Aegean Sea and which had been evacuated by the European Turks transferred into Asia Minor. Thereby, Greek-Bulgarian relations, always strained, became immediately aggravated. It is true, Greek-Turkish relations gradually improved, and this is the main reason why the transfer

is often praised as having been beneficial. Yet even this benefit can hardly be regarded as lastingly guaranteed. For no guaranty is given against future claims by a Greek or Balkan statesman basing his demands upon the fact of the involuntary nature of the transfer of the populations concerned or upon "historic" or "economic" or "military" arguments. The late American political writer, Thomas F. Woodlock, used to point out that another transfer, namely of English and Scots into Northern Ireland, three hundred years ago, remained right into our own day the "running sore" in the relations between Great Britain and Ireland.

Besides, two facts were favorable for the Greek-Turkish population transfer which do not apply to the transfers now being effected. First: Turkey and Greece are separated from each other, except for an extremely short land frontier, by water, the Aegean Sea. Second: There had been a few hundred thousand Turks living in Greece who could be "exchanged" against the Greeks in Asia. But no number of Czechoslovaks in Germany worth mentioning could be "exchanged" against the three million Sudeten-Germans of Czechoslovakia—the Czechs themselves numbering not more than about six millions—and no number of Poles, except perhaps about two hundred thousand, though these may prefer to remain with Germany, could be "exchanged" against the more than ten million Germans now in the process of being not "exchanged," but simply expelled. It should give pause for thought that there has been no more enthusiastic advocate of population transfers than Hitler himself.

Nevertheless, the transfer idea has found support among men of high idealism, remote from any suspicion as to their motives. What appeals to them is the prospect of creating, with avoidance of hardships and with justice for all, lasting peace in territories of long and dangerous conflicts. Their idealism is great, their utopianism is greater.

If all the transfers now planned should be carried through, they would comprise about twenty million people. Is it really impossible to imagine the extent of the misery, the unrest, the economic and social disintegration to be expected from these transfers, which would befall the largest parts of a Europe already impoverished and emaciated through war? Paralysis of economic life and initiative, bitterness and hatred would grow beyond any possibility of preventing them. One thinks of the unlimited number of additional governmental agencies needed to deal with the new tasks of gigantic scale, and one thinks also of corruption spreading in almost unavoidable partnership with the transfers and poisoning all strata of people. One can visualize the police and bureaucracy of fascist systems delighted to be doing such work. One can hardly expect a strengthening of individual dignity and of the spirit of democracy.

The paramount aim still to be achieved is the lasting spiritual victory over Nazism and the creation of a spirit uniting, not disuniting, the nations. This aim hardly will be served well by separating men from each other as one keeps wild beasts isolated in their cages. One speaks of One World, of overcoming national barriers; but, at the same time, one plans to erect new Chinese Walls between nations, for transfers are incompatible with any thought of freedom of migration. One endeavors to separate forever, although such separation could be preserved only at an exorbitant political, material, and, above all, spiritual price. Even though the geographical, historical, economic and political conditions of Europe are very different from those of America, can it not be said that almost nothing else is as absolutely contrary to all basic American convictions and principles as such mass expulsions of men, women and children? Therefore, Felix Morley has expressed proper doubts that the sons of America will be willing for any length of time to be guarantors of a

situation thus created which must appear to them incompatible with the ideals of the United States Constitution and of American history.

Indeed there is no satisfactory substitute for the principle of national selfdetermination; it is destined to remain one of the cornerstones of international conciliation and co-operation. Difficulties are connected with it, as with the practical application of every great principle, but none of them are insurmountable.

### For Peace in Eastern Europe

*I must put on record my own opinion that the provisional Western frontier agreed upon for Poland, comprising as it does one-quarter of the arable land of Germany, is not a good augury for the future of Europe. We always had in the coalition government a desire that Poland should receive ample compensation in the west for territory conceded to Russia east of the Curzon line.*

*Here I think a mistake has been made in which the Provisional Government of Poland has been an ardent partner by going far beyond what necessity or equity requires. There are few virtues the Poles do not possess and there are few mistakes they have ever avoided.*

*I am particularly concerned at this moment with reports reaching us of condi-*

*tions under which the expulsion and exodus of Germans from New Poland have been carried out. Between 8,000,000 and 9,000,000 persons dwelt in these regions before the war. . . .*

*Enormous numbers are unaccounted for. Where have they gone and what is their fate? A similar condition may reproduce itself in modified form in numbers of expulsion of Sudetens and other Germans from Czechoslovakia.*

*Guarded accounts of what has happened, what is happening had filtered through, but it is not impossible that tragedy on a prodigious scale is imposing itself behind the iron curtain which at present divides Europe in twain.*

WINSTON CHURCHILL<sup>2</sup>

THESE WORDS of authoritative character, as well as subsequent reports, no longer permit any doubt about the vastness of the consequences which, dramatically and immediately, have been produced by the disregard of the principle of self-determination. It resulted in expulsion "on a prodigious scale" for which history does not offer any sufficient parallel. In truly incredible haste one wants to create "established facts." The blindest of the blind can see to what an extent our western civilization is shaken in its foundations.

But the frontiers thus envisaged are not yet formally sanctioned. As the British Foreign Secretary, Ernest Bevin, stated in the House of Commons on August 20, 1945: "The ques-

<sup>2</sup> In the House of Commons, Aug. 16, 1945.

tion of the actual future area of Poland must be settled at the peace table." He then added the amazing piece of information that only about four million Poles should be provided with a territory on which up to the present more than twice as many Germans had lived.

If it is contrary to democratic principles to force a government upon a population against its will, it is all the more contrary to democratic principles to force migration upon a population against its will. It is contrary also to all Christian commandments and principles. According to democratic and Christian principles, ends never justify means. Every such violation of Christian and democratic principles is also miles apart from the principle of self-restraint, perhaps the most precious legacy of our Hellenic heritage.

Moral conscience and political wisdom, therefore, will never cease to demand changes of the "established situation." But whether such demands should be successful or without avail, the disastrous developments as described by Churchill and Bevin amount to a new justification of the ideas of Woodrow Wilson and of the Atlantic Charter. They constitute, whatever may be the eventual settlement, a challenge to bend all energy in order, despite all that has happened or still may happen, to achieve in Eastern Europe a lasting peace.

Hardly any other people has had to suffer greater hardship than the Poles as a result of Poland's having been partitioned by Austria, Prussia, and Russia. The loss of Poland's independence has retarded her political, economic, and cultural development tremendously. Every policy based on Christian, democratic, and Hellenic principles must, therefore, be all the more interested in the emergence of a strong and free Poland. Germans, at the same time, will have to remain deeply aware of the recent destruction wrought by Germans throughout Poland. They will impose the greatest reserve upon themselves when they feel tempted to attack the Polish



policy conducted during the period between the two World Wars. But what can endanger the establishment of lasting peace they too are bound by their conscience to state *as* Germans and Christians.

The territory east of the River Oder which, on the basis of the Treaty of Versailles, remained with Germany, partly after some internationally supervised plebiscites, is not Polish. In those sections of East Prussia which at the end of World War I were subjected to a plebiscite, almost the entire population—in spite of Germany's defeat, inflation, and uncertain prospects for her political and economic future—voted for Germany (354,000 to 7,400 for Poland). Never has East Prussia been Polish. Even the primitive tribes which, many centuries ago, lived in the forests and jungles of those regions, were not Polish. They were "Pruzzi" of a doubtful origin, but clearly neither Polish nor at all Slavonic. The population was small and began to grow only after the Teutonic Knights, more than 700 years ago, in 1229, were invited by Pope Gregory IX to settle there. East Prussia and her cities, such as Koenigsberg and Tilsit, are as intimately connected with German history as Boston, Yorktown, and Gettysburg with American history.

Nowadays it is argued that by expelling two and one-half million Germans from East Prussia one can destroy the "breeding lairs of the Junkers." But what are called East-Prussian Junkers represent only a very small fraction, much less than one per cent, of the East Prussian population. Its overwhelming majority consists of citizens, farmers, and workers. Unfortunately only very few Britons and Americans have ever visited East Prussia. One of those who went there was the prominent political writer and scholar, George N. Shuster, president of Hunter College in New York. This is what he wrote at a time when the transfer of East Prussia to Poland, instead of as now, to Poland and Russia, was dis-

cussed: "Any attempt to placate the Poles in order not to stir up any sort of fuss with Stalin by giving away Koenigsberg, birthplace of Immanuel Kant, would soon get itself written into every American, and indeed every civilized schoolbook as a model of bad international ethics. The result would, of course, be politically deplorable."<sup>3</sup> About the same time, the Reverend Stewart Herman, Jr., the last pre-war pastor of the American Church in Berlin, wrote: "Reformation week brought a whole series of arrests especially in East Prussia where entire districts were deprived of their pastors and even of the pastors' wives. For the most part the congregations remained very loyal throughout the quiet test of strength and the pastors were eventually released, but only after the local fishermen refused to take out their boats and women boycotted the local markets."<sup>4</sup> Both testimonies regarding the character, thought, and action of the East Prussian population are self-explanatory.

What has to be said about East Prussia, has, essentially, to be repeated regarding all territories east of the River Oder left to Germany after the first World War. The Slavonic population, as far as it was in any way indigenous, was numerically insignificant when Germans began to settle there. It is, therefore, not correct to speak now about a "re-occupation of old Slavonic or Polish territory," even though one deems it moral to use "historic" yardsticks regarding German territory while conveniently forgetting the use of such yardsticks regarding the territories of innumerable other countries, small, large, and largest.

The economic consequences of separating the German eastern provinces from the rest of the Reich can soon be expected to be perceived the world over as destructive. Germany would thereby lose her most important granary. Even

<sup>3</sup> *Foreign Policy Reports*, Foreign Policy Association, New York, October, 1943.

<sup>4</sup> "It's Your Souls We Want," New York, Harper and Brothers, 1943, p. 171.

before the war she never could feed herself from her own soil. After the loss of her eastern provinces, which provided her with rye and potatoes, Germany will be forced to buy these foods in Poland if sufficient foreign exchange should be available to her. Thus she will have, if at all, only a diminished amount of foreign exchange available to buy wheat or lard or cotton in the markets of the American South or Middle West. The American farmer will soon—secondarily, but lastingly and intensively—be victimized by the consequences of the transfer of one-fourth of Germany's arable territory. One can also expect the curtailment, if not the complete loss, of American industrial exports into Germany. The same is true regarding exports of other countries into Germany. One of the greatest markets of the world will probably be destroyed beyond hope of sufficient repair. It is difficult to visualize the extent of the catastrophic consequences also for Great Britain and the British dominions. Germany's rump-territory of the size of the state of Montana was already before the war one of the most densely populated areas in the world. Now sixty to seventy million people would have to live there. How can other nations possessing large territories really believe that they will have served in the spirit of "great, realistic statesmanship" their own real self-interests and the lofty ideas of justice if they have herded these millions of Germans into so small an area?

Many of them will definitely lose their belief in the honesty of democratic ideas and governments. To be sure, German governments dominated by Christian and humanitarian principles will never think of seeking to regain the lost territories by force. Quite to the contrary, such governments will never forget that there were and are Poles who on their part had not wanted the acquisition of all these German territories. But would such governments be able to remain in power if

they would call right, what for millions on earth, not only inside Germany, would appear as wrong?

Under such circumstances, other ways and means will have to be found, examined, and after easing of the tensions and hatreds of war, be used in order to achieve solutions safeguarding the principle of national self-determination stated in the Atlantic Charter and the lasting interest of all nations, including Russia, Poland and Germany. For it should not happen that, lastingly, to the ancient foci of crisis and unrest in Europe new problems are added.

In this connection, too, the idea of a United Europe acquires increased importance. In a unified Europe frontiers would be of diminished importance and the transfer of many millions of European citizens could no longer be seriously considered. An elimination and not a deepening of German-Polish conflicting interests could then be expected with certainty. The best imaginable solution for all related problems would have been found.

Lacking a United Europe, the way leading to its future creation could, however, be prepared by using in the next few years the principle of national self-determination as a means for bringing neighboring countries into closer constructive contact with each other, instead of separating them. Careful attention should be given to the suggestion that disputed territories, as a matter of principle, should be placed under the common sovereignty and administration of the two neighboring States. Alternatively then the main governmental offices should be filled with nationals of either country. Conflicts between them should always be submitted to obligatory arbitration or to regular administrative courts. Wide vistas for Polish-German, Greek-Bulgarian, Yugoslav-Italian and German-Czechoslovakian co-operation could be laid open. In the Balkans, for instance, parts of Macedonia could become a condominium of the neighboring States.

Indeed, it appears difficult to believe in the stability and functioning of great world organizations if neighboring countries cannot even achieve a degree of stable organized co-operation.

History offers relatively few examples of such common sovereignty over territories, and as far as examples are available they do not always offer encouragement. But this results from the fact that in most cases only provisional solutions were sought and these were intended from the beginning to give way later to other eventual settlements. Now, however, and for the first time, the problem of disputed frontiers and frontier-territories would be handled in the spirit not of separating but of uniting nations in conformity with the essence of Hellenic, democratic and Christian thought and therewith of western civilization.

#### **In Conclusion**

AFTER THE FOREGOING PARAGRAPHS had been written and were waiting to appear in print, further international conferences were held dealing with the problem of frontiers. Up to the present, however, this problem has still remained one of the most dangerously disuniting factors among the Great Powers. The conviction is steadily growing that refusal to seek solutions on the basis of principle greatly contributes to the tensions.

Italy claims Trieste and Tyrol; Yugoslavia claims Trieste and parts of Austrian Carinthia; Greece claims the Dodecanese, parts of Albania, and parts of Bulgaria; Czechoslovakia claims parts of Silesia, but meets with the opposition of Poland; France claims the Saar territory and a kind of French or international protectorate over the Rhineland and the Ruhr territory in Germany and also the region of the Roya Valley in Italy. Charges of "imperialism" are hurled by allied nations against each other. It has become abundantly



evident that the neglect of the principle of self-determination is a matter concerning not merely the German sphere, but substantially the whole world.

Certainly, sooner or later the conflicts will be "settled." But will the settlements, if they do not rest on any principle understandable and appealing to the conscience of the common man, be conducive to serving the most important, most realistic requirement of peace, namely to create peace in the peoples' hearts? Is it indeed too late—can it ever be too late—for democracies to remember the seemingly forgotten, but fundamental democratic principle of self-determination? And is one, at least in this country, not perhaps permitted to add that, by vigorously upholding it, American democracy especially could enhance its world prestige, because no other principle, as indicated before, is more intimately connected with American ideals and American history? Thus, Secretary of State James F. Byrnes was rightly applauded, when "in an effort to break the tightening deadlock in the Foreign Ministers' conference over the Italian-Yugoslav frontier question," he suggested on May 4, 1946 "that a plebiscite be conducted by the Big Four powers" in the border area. *The New York Times* commented editorially on the following day: "The new American proposals mark a return to a policy of moral principles, and they will have more popular understanding and support for that reason." The delays and difficulties undoubtedly involved in a return to the principle of self-determination could well prove to be vastly preferable to the grave and lasting disadvantages and dangers otherwise to be expected.

Apparently out of deep apprehension and in a truly christian, democratic and American spirit, the Federal Council of the Churches of Christ in America, at its important meeting held at Columbus (Ohio) in March, 1946, has arrayed itself with those hoping and appealing for such a change from ex-

pediency to principle: "We reaffirm our belief that such territorial changes as may be defined in the peace treaties should conform to the natural long-term aspirations of the inhabitants. Strategic and economic considerations ought to be subordinated to human considerations. . . . Only if the treaties afford an opportunity for genuine reconciliation of peoples, will they make possible the development of a creative peace."

Time still remains for "realistic" democracies, if for no reason but their own interests, to fill all nations, victors and vanquished, with new faith and confidence, with new aims, and with at least some measure of new happiness.

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## Intercultural Research in the Americas

AT THE FIRST Inter-American Demographic Congress, held in Mexico City in October, 1943, consideration of the protection of the present American population focused particular attention on two groups, namely, the Indian and the Negro. It was recommended, as the basis for the protection of the Indian, that all the American governments, even if they had not been present at the Indian Congress held in Pátzcuaro in 1940, adhere to the principles approved by it or ratify the convention which created the Inter-American Indian Institute. In addition, it was suggested that American countries with a "quantitatively important" Indian population should pay special attention to the elevation of the economic and cultural levels of this population. In doing so, however, it was felt that the cultural characteristics peculiar to the Indian race should not be lost, and it was therefore recommended to the Inter-American Indian Institute that it sponsor the publication of an Encyclopedia of the American Indian, and to the governments and cultural institutes of the Americas that they "promote the realization, by specialists, of an integral plan of investigation concerning Indian art, under the auspices of the Inter-American Indian Institute."

A special resolution on the Afro-American population recommended that the governments take all necessary steps to improve the educational facilities available to this race with a view toward the improvement of its living conditions and the elimination of all discrimination on grounds of race or color. This resolution also proposed the preparation and publication of a "scientific study of Negro populations, of their conditions, potentialities, cultures in general and of their contribution to the national and continental heritage" in order to create a better understanding between social groups. Before the Demographic Congress was terminated, a group of investigators met in Mexico City to establish the International Institute of Afro-American Studies.

In an effort to eliminate ideas of race superiority, it was recommended that the American governments "absolutely reject all policy and all action of racial discrimination" as being contrary both to the conclusions of science and to the principles of social justice. To this end, the word *race* should never be used in a derogatory sense. The word *undesirable* as applied to a given nationality should also be expurgated from any laws in which it had been used.

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## Two Worlds in One: Revolution Against Reform\*

By GEORGE C. GUINS

### I

"THE WORLD IS ONE," declared the late Wendell Willkie. The attention given this slogan showed that people everywhere are becoming aware of the imperative need to establish organized co-operation.

The world actually tends to unite, because the life of modern mankind is founded upon a "world economy" which calls for a world-wide organization. The nations are agreed that organized co-operation is needed in order to prevent wars. For tragic experience has shown that no system based upon a "balance of power" can guarantee a lasting peace. More than that, a coalition whose members have contradictory interests is apt to start an armaments race which sooner or later leads to war.

The significant slogan, "the world is one" should not dazzle us, nor hide from us those contradictions which exist in "one world." The world is far from being one in its interests, ideas, and beliefs. There were and continue to be clashes of interest in the economic sphere. Strife between the adherents of different political and social systems is bound to go on. Conflicts caused by racial and national differences no doubt will develop as sharply as before. China is not unified, due to the diversity of its social and economic programs. Nor is India united, due to the discords among the various elements which make up its population. Fighting continues between Arabs and Jews. The conflicting interests of the various Slav nations urge them to violent action.

\* A chapter from the author's book, "Russia in Tomorrow's World," now being prepared for publication.

And, most important of all, the cleavage of the world into two separate entities has not disappeared. On the contrary, never before has it been so sharply divided into a capitalist world and a socialist world.<sup>1</sup>

## II

BY THE TERMS of the Charter adopted at San Francisco, the fate of the world will rest with the eleven members of the Security Council. Of these eleven, five are permanent members and they bear the heaviest responsibility for the future. The five are: The United States of America, the United Kingdom, the Union of Soviet Socialist Republics, France, and China. Of these five, the first three are the most powerful. And two of the Big Three—namely, the United States and the Soviet Union—represent entirely different worlds.

The American world may be called a world of "progressive democracy" or evolution; the Soviet Union might be referred to as a world of "social radicalism" or revolution. Great Britain, the fountainhead of Anglo-American culture, naturally gravitates toward the United States of America. This attraction is due not only to common roots, a shared language and culture, but also to the similarity of the democratic ideologies by which the two countries live. This philosophy of life continues to differ from that of the Soviets even though Britain is now governed by its Laborites. For this Labor Government, too, is concerned with social reorganization and not social radicalism. In other words, it, too, follows the path of evolution and not of revolution.

Each of the two Anglo-Saxon countries, taken by itself, possesses greater resources than the Soviet Union.<sup>2</sup> If, as

<sup>1</sup> "There are being created two principal, yet polar, centers of attraction in the world: the Anglo-American center for the bourgeois governments and the Soviet Union for the workers of the west and revolutionary east. England and America attract by their riches, from them one can obtain credits; the Soviet Union attracts by its revolutionary experience." (Stalin's speech at the Fourteenth Congress of the Communist party.)

<sup>2</sup> Cf. G. C. Guins, "Russia and the United States in the World Economy," *AM. JOUR. ECON. SOCIOL.*, Vol. 5 (January, 1946), No. 2, pp. 141ff. See also, G. B. Cressey, "The Basis of Soviet Strength," New York, McGraw-Hill Publishing Co., 1945, p. 243.



seems likely, the policies of Great Britain and the United States continue to agree, their combined potentialities are boundless. France with its stable culture, its rich colonies, and its conservative farmer class, has before this easily recovered its forces even after the heaviest shocks. And if France joins the Anglo-Saxon world and wins over the other Latin countries of Europe, then it is "progressive democracy" or "social reformism"—as the case may be—which will wield world power. Ranged with the world of democracy will be the powerful organization of the Catholic Church, directed by the Vatican's experienced statesmen.<sup>3</sup> And it is quite likely that dismembered Germany, whose people have long considered Russia their mortal foe, also will begin to gravitate towards the democratic bloc.

On the other hand, the Soviet Union has drawn into its sphere of influence all of Eastern Europe and the Balkans. Russia is attempting to consolidate these countries into a closed and self-sufficient economic system.<sup>4</sup>

To sum up, the pieces of the shattered European world gradually will tend to become part of one or the other of the two systems into which the world is being divided.

Turning to the colored races, one finds that until recently their sympathies were with the Soviet Union. As correctly noted by Owen Lattimore,<sup>5</sup> this attraction was principally founded on their common antagonism towards the colony-owning empires and Japan. But, with the defeat of Japan, the emergence of China, and the expected recognition of India's dominion status, the situation has undergone a radical change. Russia will lose some of its magnetic attrac-

<sup>3</sup> "The Vatican's plans in relation to Poland and the other medium and small countries of Europe are connected with plans to form a bloc of Eastern and Central European countries which is to serve as a new cordon sanitaire against the Soviet Union" (*New Times*, No. 3 (13), Moscow, 1945). Cf. also D. Petzov's article "The New Vatican's Plans," *Izvestia*, No. 24 (Jan. 27, 1946).

<sup>4</sup> Cf. Reuter's information on the Panslav convention in Bratislava in July, 1945.

<sup>5</sup> See his book, "Solution in Asia," 1945.

tion unless she preserves her influence in these countries by the prestige of her cultural and technical achievements.

As concerns Japan, a postwar democratized Japan will have to be reckoned with. Due to her capacity for organization and the relative richness of her technical accommodations, Japan corresponds to a Germany of the Orient. For a time, in the postwar period, she will hesitate in her choice of affiliations.<sup>6</sup> However, it seems more than likely that Japan will tend to seek a rapprochement with the Anglo-American world. This will be caused not solely by the fact that the Anglo-Americans will offer greater economic opportunities. It will be due also to a resentment against the Soviet Union for its last-minute attack on Japan. And the choice of orientation likewise will be motivated by the fear in Japan's monarchist circles that the Soviets might attempt to revolutionize their country.

And so the modern world is witnessing the emergence of two important "magnetic poles": Washington and Moscow. These centers will tend to attract other nations just as large heavenly bodies attract the smaller planets. Thus within "one world" there will gradually develop a cleavage into two worlds.

Up to the time of the second world war, the world was divided into three groups, represented by liberalism, fascism, and communism. One of these groups was always able to manoeuvre itself into the position of a "third party" (*tertium gaudens*), which is benefited from a clash between the other two. But now the world is left with only two ideologies and only two groups of States—which will follow either one or the other of these ideologies.

Such division into two worlds will sharpen the competition between capitalist and socialist economies; that is, between

<sup>6</sup> Cf. William C. Johnstone, "The Future of Japan," New York, Oxford University Press, 1945, ch. II, "Reactions on Defeat." Also, Gunther Stein, "The Challenge of Red China," McGraw-Hill Publishing Co., New York, pp. 432-3.

free enterprise and a planned economy. Already postwar Russia has drawn into her sphere some 250 million people, who represent countries where labor is cheap. Russia will create from them an immense economic cartel, which—given the totalitarian regime of the Soviet Union—will be able to dictate prices in the world market and successfully compete with the capitalist countries.

### III

THUS THE POSTWAR WORLD is shrouded in riddles. The situation in Europe is bound to arouse serious concern. No one can fortell the outcome of the present four-power rule over Germany. Will there be lasting peace in the Balkans? What of the fate of the British Empire, faced by serious difficulties and by dangerous economic experiments? What of the future of France, Italy, and Belgium?

In addition to the difficulties besetting Europe the world will have to face many other intricate problems. We do not know what forms the Moslem movement will take, what effect the national renaissance of India will have on Asia's fate, whether China will find the strength to overcome its internal strife, whether Japan will go through a revolution and seek new ways and means for her national renaissance—perhaps by adopting extreme political and nationalist doctrines.

Of all these riddles, the problem of Russia is the one that most agitates the world. Russia now has advanced to the point where she is second only to the United States among the Great Powers. And, as the country of the great social revolution, the Soviet Union impresses the imagination with the boldness of its plans and the vastness of its potentialities. In regard to Russia opinions are united on this one point alone: that Russia needs peace. This statement is accepted as axiomatic.

However, to clarify the statement, it should be formulated in reverse. Namely, that for a country war-weary and ruined by far, new international conflicts and internal strifes are equally dangerous.

Together with this urgent need for peace, the Soviet Government is faced with the necessity of carrying out certain measures of internal organization which no longer can be put off. After its internal and external enemies are disposed of, Russia's government will have no excuse if "Soviet socialism" fails to create tolerable living conditions for all the masses and not just for the new ruling group of selected Soviet specialists and managers.

The prestige lent to Russia by the brilliant victories of her soldiers will have faded in a few years. Russia may lose the international influence which she acquired during World War II, if she breaks the economic and cultural ties now binding her to the other great powers. All this imposes upon the Union of Soviet Socialist Republics the need to maintain a lasting and durable peace.

#### IV

THE POSTWAR WORLD is witnessing a radical change in the correlation of forces. Victory over Germany, Italy, and Japan means that their influence and resources will be divided among the conquerors. But, in order to replace these countries on the international scene, newcomer countries would have to possess vast technical and research resources, universities, laboratories, numerous staffs of experts of every type, also original schools of philosophy, literature, art. Such intellectual equipment in pre-war, pre-Nazi times was the basis for the world influence of Germany, a country of the highest culture. Similar scientific and technical equipment on a lower scale permitted Japan to strengthen her influence among the nations of Asia.

Russia has enlarged her boundaries, already too wide. Inevitably she will find herself in a more difficult economic situation than the victor countries of western Europe. Her problems have become too complicated, while her potentialities, though very great, still are limited.

The rebuilding of Russia's war-devastated regions, given the lack of material resources and labor, will call for many years of unrelenting effort. Because of Russia's sufficiently developed heavy industry, her ruined regions will be reclaimed quicker than they would have been in prewar non-industrialized Russia. Even so, reconstruction remains a difficult and expensive task, especially since Soviet Russia has to build up stocks of supplies and re-organize its industry so as to manufacture consumer goods in place of tanks, guns, machine-guns.

In this period of reconstruction and rehabilitation of the country's economy, Russia will need to engage in active trade relations with capitalist countries. And she will be hard pressed to preserve her dominant position in those countries which now are within her sphere of influence.

To preserve her influence in the Balkans, where from 70 to 80 per cent of the population live by agriculture and where, before the war, local industries were almost entirely controlled by foreign capital,<sup>7</sup> Russia will have to give the Balkan nations those consumer goods of which there is a shortage in Russia itself: namely, shoes, yard goods, ironware.

Before the war Finland and other Baltic countries conducted a large-scale import-export trade with Germany and England.<sup>8</sup> Finland has retained her independence, and she will naturally gravitate towards those countries which are going to be her best customers, as well as those which will

<sup>7</sup> B. Newman, "Balkan Background," New York, The Macmillan Co., 1945; Johannes Steel, "The Future of Europe," New York, Henry Holt & Co., 1945.

<sup>8</sup> The former Estonian minister of foreign affairs, K. Pusta, in "The Soviet Union and the Baltic States," by Kaarel R. Pustu, New York, Y. Felsberg, Inc., 1942, indicates that the Baltic States' export in 1938 was \$585,000,000.



give her the imports she needs. In a greater or smaller degree the same is true of Rumania, Hungary, and Poland.

Thus, for domestic reasons, no less than for reasons of foreign policy, Soviet Russia in the postwar world will need to concentrate all its forces to carry out—as fully and as rapidly as possible—a task which has been formulated like a slogan: “To catch up with America—and surpass it.” This is a problem on a vast scale, and it will keep Russia busy for a long time. During the period of its realization Soviet Russia will need a stable peace, and such a durable peace is possible only on condition that she co-operate with the democracies.

## V

THE INFLUENCE of the great powers, especially in our century, is based not alone on their military might but also on their intellectual leadership. To this problem of intellectual leadership the Soviet Government gives a great deal of attention. Postwar policies to this effect were inaugurated in Moscow by impressive celebrations of the anniversary of the Soviet Academy of Sciences.

The Soviet Government likewise is spending enormous sums on education and the development of scientific research. But with all the encouragement science is receiving in the Union of Soviet Socialist Republics, it is faced by two important drawbacks. These drawbacks create less advantageous circumstances than those which govern the development of science in other large countries. Here is an instance.

During the period when the three five-year plans were in progress, and even more so during the war years, practical needs and utilitarian tasks received more attention in Soviet Russia than purely theoretical studies. Thus the Academy of Sciences undertook to direct technical research work of the kind which in the United States and England usually is done by trained technical experts employed by large industrial enterprises and State laboratories.

Now practical knowledge is fed by scientific discoveries, and so the lack of research in pure science in Russia is bound to make itself felt when the last of the pre-revolution scientists—whose names still are the chief adornment of the Soviet academy's lists—will have left the scene.

And here is another consideration. Everything in Soviet Russia is controlled by Marxian dogmatism.<sup>9</sup> Because of this, certain branches of science, notably philosophy and law, have been so neglected there that they have fallen into a complete decline. Yet they are precisely those creative sciences which educate the rising generations and lead to closer intellectual ties and to mutual understanding among nations.

As to the fine arts, Soviet culture was able to continue the glorious traditions of Russian art in the realms of architecture, motion pictures, and music. But new Russia has fallen far short of old Russia in literature and painting—where freedom of thought and freedom of expression are vital if the artists are to continue creating.<sup>10</sup>

The Soviet Government is changing its policies in respect to religion. This is an attempt to adjust Soviet policies to a new and important world situation confronting Russia and to the wide perspectives opening before it. The new Soviet religious policy is a counterbalance to the influences of Catholicism and Islam.

That this is so, can be deduced easily from three recent significant church moves, in each of which the Soviet government had its say.

First, a new Russian Patriarch was enthroned in a solemn ceremony in the Kremlin, following his election in Moscow in February, 1945. Present at the ceremony were the Patriarchs

<sup>9</sup> "A profound and thorough studying of Marxism-Leninism is especially important at present . . . to realize such tasks which arise after the War," *Bolshevik*, No. 22, November, 1944.

<sup>10</sup> "It is clear how important it is that art adheres to the party, to the bolshevik goals," *Bolshevik*, No. 17-8, September, 1944.

of all Eastern Orthodox Churches—those of Greece, Syria, Egypt, Palestine, Turkey, Ethiopia. After his induction into office, the new Moscow Patriarch visited several countries beyond the borders of the Soviet Union which profess the Greek (Eastern) Orthodox religion.

The second significant sponsorship of religious activities occurred on June 22, 1945, in the Soviet Armenian Republic in Transcaucasia. There, in the capital city of Erevan (Etchmiadzin), for the first time since the Russian revolution, took place the election of a "Catholicos" to head the Armenian Orthodox Church. The influence of this new Armenian Patriarch is calculated to spread to the Armenian national groups in Turkey and elsewhere beyond the Soviet borders.

The third religious enthronement under Soviet auspices occurred somewhat earlier, in October, 1943. It led to the creation of a new ecclesiastical center in Tashkent, which now is the capital of the Soviet Republic of Kazakstan.

Here, at a congress of Moslem clerics and laity, was elected a Senior Mufti to head the Mohammedan ecclesiastical administration for all of Kazakstan and the rest of Soviet Central Asia. Evidently, this Senior Mufti's rôle is to counteract the growing influence of the various Moslem movements and leagues within the Arab world.

The far-reaching political aims set by the new church policies of the Soviet Government give observers reason to believe that religious tolerance in Russia is not a short-term policy. However, in its essence, this new tolerance in regard to religion still is nothing more than permission to conduct church services openly, or permission to practice the purely external ceremonies of the various religious cults. The Soviet decree of April 8, 1929, which forbids the churches to engage in any activities beside conducting services, which—in other words—deprives the church of its main function, that

of educating the young generations in the spirit of Christian ethics—this forbidding decree remains in full force.<sup>11</sup>

Soviet statesmanship falls behind the democracies also in its handling of national problems. The Soviet State has contributed much towards the cultural development of the many nationalities in Russia. By an act of February 3, 1944, the central government gave to various federated member republics representing the larger national groups the power of entering into independent diplomatic relations with other countries, and the power to create their own national armies. And yet, Soviet leaders and executive groups do not hesitate to sacrifice the interests of any nationality to further international aims considered important.<sup>12</sup> National problems within the Soviet Union always are doomed to be treated as secondary—when compared to the Bolsheviks' long-range economic and social aims. To illustrate:

Once India acquires dominion status within the British Empire, she will possess infinitely more rights and powers than, let us say, Esthonia, Latvia, and Lithuania now have as member-republics of the Soviet Union, although only recently these three countries were completely independent states.

The persecution of Polish nationalists, the dissolution of the more influential political parties in Czechoslovakia and Rumania, the political régime inaugurated by the communist Joseph Broz ("Marshall Tito")<sup>13</sup> in Yugoslavia, all that goes on "beyond the steel curtain"—as Winston Churchill so well denoted it—are acts in complete divergence with the practice of the democracies. In fact, arbitrary acts like these threaten the prestige of the Soviet Union, so necessary to the Soviets in

<sup>11</sup> Paul B. Anderson, "People, Church and State in Modern Russia," New York, The Macmillan Co., 1944.

<sup>12</sup> "Party organizations must disclose any kind of manifestations of nationalist spirit in history, literature, arts," *Bolshevik* (editorial) No. 17-8, September, 1944.

<sup>13</sup> The nickname, 'Tito,' is derived from the first letters of the name, "Trece Internacionalna Terroristicka Organizacija."

their competition with democracy, which alone guarantees true freedom of spiritual and national culture in all its manifestations.

In view of all this one may expect that the Soviet Union, in order to strengthen its political influence, eventually will be forced to recognize the spiritual freedom of man, freedom of creative work, freedom of thought, conscience, and of national self-determination.

## VI

WILL RUSSIA SPREAD communism? This question above all others is troubling the democratic world. It so happens that the solution of this particular problem depends more on the democracies than on the Soviet Union.

Communism in that form in which it exists in the Soviet Union represents an unrestricted domination of the State over the entire economic and intellectual life of the nation. Such State control may be tolerated during a war. Perhaps, under certain conditions, State control may be temporarily expedient even in peacetime, for instance, if it becomes necessary to reorganize radically a country's economy; or when the State aims to create a great new system of waterways, railway networks, and similar undertakings on a giant scale, which cannot possibly be realized by private enterprise. Again, such control may be needed when the State owns great empty spaces, rich with untapped resources; or, yet again, if a country has no private capital nor a sufficient number of enterprising men, while the greater part of its population lives in primitive conditions and is satisfied with a minimum of consumer goods.

Almost all of these conditions were present in post-revolutionary Russia. This is why there could arise in Russia an "integral *Étatisme*," or, in other and simpler terms, why the State was able to absorb completely all private initiative.



In other contemporary countries the conditions just mentioned either do not exist, or else make themselves felt only partially. That is why there is no reason to expect that other countries may take over the Soviet system in its entirety. The country most in danger of being communized is, of course, China. But if we are to believe one of China's most authoritative statesmen and leaders of the Kuomintang, Sun K'o<sup>14</sup>, the Chinese people realize that the Soviet system will not fit their country's needs, although they do not deny that this system has its positive features. And so, even in China the spread of communism can hardly take place without outside aid and support.

It is far more likely—as shown by the development of political events in Europe after the rout of Germany—that governments of moderate socialists will rise to power. They will offer far-reaching programs for social betterment. These measures probably will satisfy and allay the restlessness of the masses agitated by the catastrophic war years.

If that part of the postwar world which makes up the sphere of influence of the great democracies will succeed in overcoming its current economic chaos, then Soviet Russia in turn will concentrate on raising the living standards of its own population and the rebuilding of its wrecked economy.

The problem of the postwar world is not only the problem of how Russia will act, it is the problem of what policy the world as a whole will choose. Consequently, these problems are bound to affect deeply the Anglo-American countries.

## VII

THE GREATEST AND most pressing need of our time is to create a new foundation on which to base the economy of the world. The United Nations have committed themselves to find ways and means for doing this. And the most individual-

<sup>14</sup> See his book, "China Looks Forward," 1944.

istic of contemporary democracies, the United States of America, has expressed its willingness to sacrifice some of its temporary advantages so that a lasting peace might be secured.<sup>15</sup> But it is understood that the United States cannot undertake any commitments which might injure its capitalist economy.

Students of Russian affairs believe that the Soviet government will dutifully support the new international organization created to secure peace—the peace so needed by the Soviet Union, which cannot all be physically destroyed. After Soviet Russia recalls its troops from the European countries, it is possible that anti-Soviet tendencies may make themselves felt once more.

On the other hand, the democracies' sphere of influence may also maintain much inflammatory material for potential conflicts. These might be exploited by the Soviet Union for its own advantage.

Since it represents the "social radicalism of the Twentieth Century," the Soviet Union naturally will be pleased if the world of "progressive democratism" happens to weaken itself. For in "one world" two worlds continue on their separate ways. Revolution does not care for evolution.<sup>16</sup> The Soviet government will utilize every opportunity to criticize and lay open the weaknesses of the democratic States and their policies. Should the attempt to bring order into international economics fail, causing the democracies to lose

<sup>15</sup> A survey of these measures will be found in Prof. Alvin Hansen's book, "America's Rôle in the World Economy," New York, 1945. See also the author's article "Basic Principles of U.N.R.R.A.'s Policy" in *The Southwestern Social Science Quarterly*, September, 1945.

<sup>16</sup> "... the victory of the dictatorship of the proletariat is impossible without a revolutionary party of the proletariat, a party free from opportunism, irreconcilable towards compromisers and capitulators, and revolutionary in its attitude towards the bourgeoisie and its state power." "... the ordinary Social-Democratic Party of the West-European type, brought up under conditions of civil peace, trailing in the wake of the opportunists, dreaming of 'social reforms,' and dreading social revolutions, cannot be such a party" (*History of the Communist Party of the Soviet Union*, International Publishers, N. Y., 1939, p. 353.)

their authority, extremists elements everywhere will feel encouraged, and Russia's revolutionary rôle will be strengthened.

But if in the rest of the world the victor will be "social reformism," a movement progressive yet stopping short of extremes, then, and only then the rapprochement of the two worlds may become possible and even probable. It is then that the vision of "one world" may begin to approach realization.

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## The Problem of Educational Bias

THE STATE OF NEW YORK has pioneered in attacking the problems of discrimination in employment on grounds of race, color, religion and national origin. No employer in the State can feel easy if his employment practices run counter to the law. Everyone recognizes that the law is slow-footed; but the law is on the move. Discrimination is incompatible with democratic principles, and American democracy is slowly but surely advancing toward translating its principles from the condition of pious wishes to the condition of effective realities.

It is known to all that an ever widening range of employments is accessible only to those who have the appropriate education and training. If the citizens of New York are to have equal opportunity in employment they must have equal opportunity in education. It is absurd for the great State of New York to declare solemnly that discrimination in employment shall cease, while permitting autonomous educational institutions, enjoying the vital privilege of tax exemption, to bar the road to education on grounds abhorrent to State policy.

Discrimination in education must go. The only pertinent question is whether the educational institutions will recognize the drift of the times and clean house themselves, or will await the passage of a law with teeth in it.

One still hears the sage argument that if our educational institutions give up their secret but effective quota systems they will be swamped with Jews. They are now swamped with Gentiles and still keep their heads above water. But what has the distinction Jew and Gentile to do with education, scholarship?

Almost every week an eager and promising student consults me about his educational career. He'd like to go to College X, but the Jewish quota is already filled. I can only say: Go to one of the great western State universities, where you may not enjoy, perhaps, the prestige of century old tradition, but where you will be treated as an American among Americans, not as a semi-American to be controlled by a quota.

It is agreed by students of education that the most desirable system of educational regulation is self-regulation. But this priceless privilege will be lost unless the educational institutions adopt promptly the principle: No discrimination on grounds that are an abomination to any honest democracy.

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# War as a Symptom of Social Crisis

By JOSEPH S. ROUCEK

WHAT ARE THE MAIN CAUSES of the Second World War? Why, in spite of all the earnest prayers of millions of people for peace, did we drift into another series of declared and undeclared wars?

The search for some reasonable answers is, and will be, one of the chief preoccupations of mankind. But in his desperate search for somebody or something on which to pin the blame for starting the wars, man has wasted a great deal of effort in proving his theories on the causation of such conflicts. Each of these theories has some merit, but each has failed by its very simplicity to provide a scientific explanation of that extremely complex phenomenon.<sup>1</sup>

## I

FROM THE SOCIOLOGICAL point of view, it can safely be stated that there are two basic reasons (in addition, of course, to others) why the average observer has been unable to comprehend war, as a cause and an effect, in its complex, empiric sociological aspects. In the first place, much of our social thinking, in spite of our advance in empiric knowledge, is still obscured by all kinds of myths based on "wishful thinking." It is pretty generally acknowledged that the highest goal of the social sciences is to describe the social world around us "as is," rather than as it "ought to be." Fundamentally, no cure can be lasting under false pretenses. If you go to a physician who diagnoses your ailment as a type of tuberculosis, the starting point of your cure depends on his analysis of your tubercular condition "as is"—and only then can steps be taken to make your condition as "it ought to be." But since

<sup>1</sup> See Willard Waller, "War in the Twentieth Century," in W. Waller, Ed., *War in the Twentieth Century*, New York, The Dryden Press, 1939, pp. 3-21.



it is always easier to view the troublesome world around us as it "ought to be," wishful thinking has always had the upper hand over scientific attempts to describe the social reality as it actually exists.

From this point of view, all the phenomena of war have been hidden under topheavy legalistic, philosophical and moralistic judgments. The legalist has been particularly outstanding as an offender in this respect by his insistence that social processes can be directed by freezing them into juridical definitions. The result has been that our post-war relations have been viewed as they "ought to be," and the cold-blooded reality has been lost in legal fictions.

In the "good old days," wars were wars. We knew what we meant, with some precision, when we talked of neutrality, embargoes, intervention. A pirate was a pirate, and he flew the Jolly Roger, not the anonymous and submerged flag of Rome. A battle was a battle, not a pacification operation, and when we created a machine gun, we did not call it a baby carriage. But today, we have fictions which are not ornaments to policy but the basis and expression of policy—fictions which embrace whole phases of international relations. In picking and choosing these fictions, we may begin with the "independence" of Manchukuo; carry on "with the stiff upper lip and all that" in terms of the fiction of the American Neutrality Act; the fiction of Soviet democracy; and end with the way Japan restored "order" in China in order "to preserve peace," since the war between the two Mongolian States ended without ever having been declared.

The second major difficulty confronting those studying war is the eternal tendency of the average man, as well as of the learned scholar, to provide one, single, all-embracing explanation, one simple "cause" of social phenomena. In that respect there is very little difference between the blasé and

historic approach of Spengler and the way in which a simple farmer blames the sickness of his cow on God's ill-will.

From that point of view, one is willing to go as far as to state, brutally but not carelessly, that among the causes of our current wars may be listed mankind's predominant wishful thinking for peace (since the peace could have been achieved, as far as Hitler and his counterparts were concerned, by not daring to oppose the slightest whims of those dictators) and the way we go about working for peace will come by doing something about such simple, single and few "causes" as Hitlerism, the granting of more "Lebensraum" to have-not nations, defining "aggression" or just praying for peace.

The tragic aspect of the sociological explanation is that its analysis of war as a social phenomenon explodes all simple explanations and indicates the extreme complexity of its causation. But let us look at some of them, particularly as symptoms of our current social crisis.

## II

WE MUST REMEMBER, first of all, with Comte, that the transition from one social order into another has always been accompanied by definite periods of unrest, a sort of interregnum of anarchy, which can last for several generations. No one alive today can escape the realization that he is living through one of the greatest crises of history. Certain landmarks loom out of the past to point the zig-zag course of human history; the coming of the barbarians and the fall of the Roman Empire; the long darkness and the thirteenth century dawn of modern civilization; the Renaissance and the Reformation; the political revolutions of the eighteenth century; and the Industrial Revolution of the nineteenth. These were periods when the ferment of change reached the boiling point. Certainly ours is such a period. Never since the moving finger began to write have the pages of the chron-

icle been so crowded and overwritten as during the past three decades. This revolutionary epoch in which we live shows, furthermore, one definite characteristic that all other transitional periods have always shown—that characteristic expressed in violent struggles which we term “war.”

Sociologically speaking, what are the basic elements of this war crisis? By the concept of “crisis” we understand the deterioration of the fundamental functions of the social organism. What are those fundamental functions? We need to be aware that society is nothing static, but that it is a process, a complex system of co-ordinated functions directed to the fulfillment of certain tasks, given partly by the relations of this society to other social groups, and partly by the relations concerned mainly with its internal processes. We speak here, of course, of society not as a totalitarian unit, but of individual, concrete societies, bound together by the combination of force and ideologies—the States. These States have been carrying on organized conflict since our period of history is a period of anarchy wherein all values are in a state of flux, contradicting and fighting each other. This anarchy is particularly obvious in international relations, and we are told over and over again that the basic cause can be traced directly to the Peace Treaties of 1919.

Notice, first of all, that a majority of the participants in World War I did not really know what they were fighting for. They were satisfied by several glittering slogans which intimated that the war was being fought over some ethical myth, or to preserve this or that civilization. That so many historians have destroyed such ideological pretenses proves our contention here. For that very reason the peace treaties were unsatisfactory, since, deep down in the heart of hearts, mankind did not really know why the “Great Parade” started. With the enthusiasm of victory worn off, the people recognized that their emotional as well as material values were

destroyed because of reasons hidden under such glittering generalities as "the self-determination of small nations," "to make the world safe for democracy," etc. These very principles had to be violated in actual application. Hence, the peace treaties were worked out in the atmosphere of uncertainty which was intensified in proportion as their execution became more difficult.

What were these peace treaties in themselves? They were a hash of numerous, quite contradictory concepts. Basically the treaty makers wanted to realize the principles of nationalism as formulated in the nineteenth and the early twentieth centuries; but, in many cases, they had to violate these principles when the borderlines of the new States were finally determined. Then they expressed the norms which are considered the foundation of our civilization, but which are propounded in mutually contradictory forms. There was, first of all, the legalistic idea of reparation for the damages done, and of the organized world order in general, and secondly, the idealism of Wilsonian humanitarianism. Actually no one principle achieved predominance over any other. The nationalist, the legalist, and the *homo economicus* each had something to say but none was able to impose his basic ideas on the new State system in 1920. But these basic ideas were not new in 1919. They held sway long before World War I.

It thus appears that the origin of the World War crisis cannot be found in the years 1914 or 1918, but in the history preceding it, in the crises preceding the crisis of 1914, which had separated the nationalistic ethnocentrism from religious universalism, power politics from the ideals of international co-operation and moral and humanitarian principles, and the classic economic principles from the needs of the growing interdependence of the world. The World War was, there-

fore, rooted in the fact of the development of the domination of one ideology over all other competing ideologies.

### III

LEGALLY, WORLD WAR I was ended by the Versailles Treaty of 1919. But sociologically speaking, it continued indefinitely. The immediate post-war years were really only armistice years at best. World War II was approaching actually long before 1939. The social causes were indestructibly connected with the pre-1914 cause. But the anarchy preceding 1914 was infantile when compared to the anarchy preceding 1939. From early 1938 until September 1, 1939, crisis after crisis piled up one on another at an ever-accelerating rate.

Today Europe (as well as every other place where war has gone on in its most violent stages) has been transformed under our very eyes. All the ideological pillars upon which the culture of Europe and the world is based have been undermined or destroyed. Liberalism, democracy, and free trade, rationalism and the dignity of human life, commonly thought of as the determining directive lines of progress, are defended in few places and even more frequently condemned as heresy elsewhere. This chaos was created by another war that had been fought to decide between two main trends: one favoring the return to the older forms of life, and the other experimenting with the new realities and hoping to survive on the wreckage of the old ideological structure. Briefly stated, it is a fight between the extremist aspects of nationalism versus internationalism, between humanitarian values versus the totalitarian disregard of all human values. The trouble is that, fundamentally, the ideological bases on which civilization rested have been shaken and no new foundations have yet been constructed. We are thrust ahead into the unknown



and, unlike the French thinkers of a century and a half ago, we know that "a general going back is out of the question."<sup>2</sup>

We must go forward, yet we do not see the way.

This war-born anarchy has its relation to the crisis apparent in internal State politics. The main function of politics is its capacity for synthesis, which is to equalize and adjust, in useful compromises, all forms of social activity. But, as all creative forms of human life are undergoing crises, politics, then, cannot produce anything acceptable and settled, and hence politics is also in its critical stage. The resulting social uncertainties produce régimes which are anything but peaceful régimes and which, fundamentally, are actually war, additional symptoms of our critical times.

Tacitus has British chieftains say of the Romans, in the popular version, "They make a desert and they call it peace." The chief contribution of Mussolini, Hitler and Stalin to our series of crises is the autocratic State which uses all the features of militaristic warfare for its existence; their main contribution to political theory is the idea of progress through internal and international wars.

If, in the old sense, politics means civic life, in modern dictatorships the mentality is a war mentality. The case goes far beyond the externals of military organization and drill, banners, uniforms, parades, salutes, leaders, war-cries, challenges, and defiances. Theirs is the system of permanent mobilization. It is life on war-footing.

When war breaks out the democratic people tend to announce that politics are adjourned and the party system is suspended for the duration of the crisis. The modern dictatorships discarded the party system altogether. In the stress of war the democracies abdicate their basic liberties. Dictatorships have as their basic principle the destruction of the

<sup>2</sup> J. Huizinga, "In the Shadow of Tomorrow," New York, W. W. Norton and Company, 1936.

historic liberties of the individual. In wartime the democracies acquiesce in what is virtually a suspension of the reign of law. The national interest becomes the sole criterion of official conduct as long as the enemy is figuratively at the gate. In the autocratic States the national interest as interpreted by the leader is the sole criterion at all times. He rules by decree. In peace we spend as much as we can afford, or at least try to; in war we spend whatever is called for. In the autocratic State, popular sacrifice is put on the eternal war-footing. Privation under this system becomes *ipso facto* heroic, as it does in wartime with free peoples.

It is not accident that the dictatorships use a militaristic vocabulary to describe actions which in free countries we regard as peace activities. Democracies stimulate wheat-growing by bounties and tariffs, but dictators fight the Battle of the Wheat. Democracies build tractor factories, but dictatorships hurl their Shock Brigades into the trenches in the Tractor Front. The autocratic State is always on its toes against the enemy within and outside its gates. The war which such a State is always fighting is a civil war.

#### IV

MODERN AUTOCRACY, therefore, is a permanent war system concerned with internal and international foes. Such armed camps then, superficially at least, have the singleness of purpose, the swift efficiency, the crisp discipline of the military method geared up to the aims of the dictators, in order that they may fish in the muddy international crises. Although the partisans who have been fighting for the mastery of the modern world wear shirts of different colors, their weapons are drawn from the same armory, their doctrines are variations of the same theme, and they go forth to battle singing the same tune with slightly different words. Their weapons are the coercive, war-like direction of the life and labor of

mankind. Their doctrine presupposes that disorder and misery can be overcome by more and more war-like measures. Their promise is that through the war-power of the State men can be made happy.

In the name of progress, men who call themselves Communists, Socialists, Fascists, Nationalists, Progressives, and even Liberals, have been holding that government with its instruments of war must, by telling the people how they shall live, direct the course of civilization and fix the shape of things to come. This is the dogma which all the prevailing dogmas presuppose. Though despotism is no novelty in human affairs, it is probably true that at no time in twenty-five hundred years has any western government claimed for itself a war jurisdiction over men's lives comparable with that which has been officially attempted in the totalitarian states. Yet it is governmental coercion that has created the very chaos it purported to conquer.<sup>3</sup> The consequence of collectivism must be regimentation, censorship, despotism, and impoverishment, all tending to militarism, and finally war.

This very militarism of social processes is a cause as well as a result of our social disorganization, inherent in the striving of our contemporary authoritarian systems to achieve internal stability, resembling a state of seige, by the determined policies unsettling the established order all around them. These contradictions and paradoxes indicate that war is not only an outgrowth of the over-accelerating changes in our social institutions, and therefore the result of social causes, but also the result of man's irrationality. Modern man is frequently a genius in dealing with the physical and external world, but often a driveling idiot when dealing with himself and with his relations with his fellows.

Our war crises can also be traced to the disruption of our social equilibrium. Man is not only unable to determine the

<sup>3</sup> Cf. Walter Lippmann, "The Good Society," Boston, Little, Brown & Company, 1937.

sense of striving and the sense of direction of his definite social goals, but he has also lost that culture which demands a certain balance of material and spiritual values, and he has lost the sense of an obligation to something not-himself. We do not mean here any mixture of superstition and man's self-worship on which the modern dictatorships rest. Every culture must have its ultimate end in spiritual values. We do not imply by the "spiritual" its political perversion, wearing an infantile frown below a comic mustache, following the commandment to bully the weak and the helpless, making a creed of the ethics of the jungle: but super-individual, super-national, humanitarian values which would check the anti-social tendencies of our times.

In the nineteenth century, theorists of violence, such as Nietzsche and George Sorel, had created among certain numbers of ideologists a state of mind hostile to everything which, for two thousand years, had been the human ideal. It is in these doctrines of violence, common to the extremists of right and left, that war has its fertile ground. Related to it is the common assumption that man is sovereign in his spiritual values and can refuse to accept any super-natural (or, shall we call it "divine") ideology of life. Hence, no rules are imposed on him in his tribal warfare on others, and the system of warfare has, in fact, become an end in itself.

Approach this trend from the standpoint of the accent on the growth of State power, with a parallel development in the acceleration of the growth of the military and desperate struggle for the control of power, within the State and internationally, and one is bound to conclude that in the current scheme of social values the extreme kind of politics, warfare, has been assigned the supreme rank, the value of all values. Instead of power being an instrument for the attainment of all-human values, (however vague they may be), human values have become an instrument for the attainment of

power. By rendering all human values subservient to the supreme end of power, all human institutions have become subordinated to the politics of warfare. The State and politics have become our modern gods.

## V

INTERCONNECTED WITH THIS TREND is ideological over-emphasis on the acquisition of material goods as the source of "happiness"—of the kind so well described in Lynd's "Middletown in Transition." Since our whole economic system is based on competition and the insistence that any reasonable person must strive for the ever-growing consumption of the ever-accelerating production of goods, we can see here another kind of warfare, which penetrates all spheres of internal and international life and which is connected inseparably with the structure of our modern culture. Related to this is our ideological insistence that the ever-accelerating tempo of daily life, speeded up by the ever-growing number of inventions, the fastness with which we can shoot, jump, travel, hear and see, *further* and particularly *faster*, is real "progress."

This type of "business ideology" shades off into the war mentality of those who believe in the creation of a perfect world by proletarian action, that a new golden age will dawn for mankind, after a period of necessary violence, be it revolution or war. Because of such particular class or race ideologies, men cut one another's throats, asphyxiate one another, and willingly undergo the most horrible torments. We cannot but come to a tragic conclusion; that war is a cause as well as a result of the transitory state of all culture patterns around us.

The latest phase of man's cultural development is his effort to disrupt the most stable elements of that culture: the concepts of human personality, the institutions, the doctrines, the social hierarchies. We pride ourselves in our contempt of



that which is not changing, and we admire everything that is on the move, which is changing. This movement, in its lack of solidarity and general incoherence, explains, I believe, today's wars. War is, therefore, inherent in our culture pattern and will stay with us for a long time. It is one of the penalties that man has to pay for the type of culture he has created and which he admires so much.

Remedies? One even does not dare to enumerate them. With our belief that education or public forum discussions can solve "everything," it might be preferable to give hope to the inarticulate masses by leaving the problem to the individuals and groups who—as was indicated at the beginning of this discussion—offer simple and easy solutions, and thus often achieve the distinction of helping the war-mongers.

We may look forward to some comparatively safe period of civilization only when men will be able to reduce the violent processes of conflicts to the more civilized methods of competition; when they will desist from insisting on clearing away the ruins of old systems too rapidly; when they will painfully set about reconstructing the institutions which they have destroyed; and when they will realize that peace must, in the first place, be a general peace, *i.e.*, must refer to all departments of social life, international as well as internal.\*

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\* This paper is based upon one bearing the same title which the author presented before the Eastern Sociological Society at Asbury Park, N. J., in April, 1940. Despite the passage of six years and despite all those years have taught us about war, politics and diplomacy, he has not found it necessary to modify any essential point in the analysis. History, as it unfolds today, alas, multiplies the supporting evidence.

# The Ebb and Flow of Democratic Debate

By FRANCIS NEILSON

## I

ONE OF THE MOST CURIOUS phenomena observed in the party politics of this generation is that which has brought about the new use of old labels. Those of us who are old enough to remember the straightforward political struggles of more than forty years ago find ourselves living in a strange world. On the one hand, we see millions of individuals in the different countries on the various continents busily placing familiar labels upon new concoctions. On the other hand, we see the old, established parties adopting programs that are supposed to be ameliorative but which would have shocked our grandfathers. It might be said that there are only two old labels that have not been put to misuse: Toryism and Whigism. But even Toryism has not quite escaped, for now it is frequently applied to the capitalist class, whereas a hundred years ago it was applied exclusively to the landlords.

It becomes more and more difficult every day for an old campaigner to know where he stands in the political arena. In the days of Gladstone and Disraeli, Lincoln and Cleveland, no sign posts were necessary to indicate directions. Later than that, even, the elector could find his way about and somehow know whom and what he was voting for. Today, if the names of the candidates were suppressed and only the party platforms presented to him he would scarcely be able to choose the place where he would put his mark upon the ballot paper. For all parties vie with one another as to the attractiveness of the bribe that will draw the voter to the poll. The dole has become the bait used by all parties, with the result that an honest candidate sincerely desirous of urging

the people to reaffirm and re-establish their rights would have no chance whatever in competition with the patriarchalists.

Small wonder, then, that the average voter does not really know what he is or what he really wants. A state of confusion has been reached from which there seems no escape. When Socialists protest that they are democrats and seek liberty, free speech, and the restoration of rights, something has happened to the definitions which were clearly understandable fifty years ago. At political meetings here and in Great Britain about the time this century began, volleys of questions would come from an audience demanding an explanation from a speaker who got his ideas mixed. But that was back in the days when there was debate. And perhaps the reason men are not clear about the meaning of the terms they use is that they are not challenged.

Forty years ago, in this writer's experience, lecturers and candidates were submitted to long questioning on the difference between Socialism and Communism. When, in 1907, Victor Grayson was elected to Parliament as a declared Socialist, in a three-cornered election, he was unable to define the terms "Socialist" and "Communist." However, he was elected as a minority member. Two years afterwards he was at the bottom of the poll. During the period when Grayson was in Parliament the most fierce debate raged on the platforms of the constituencies from one end of Great Britain to the other. The issue was: "Individualism versus Socialism." The State Socialists, however, held aloof, for as some of them admitted, they were not interested in mere political Socialism. If there was ever a time in the history of the hustings when economic terms were clarified and made plain to the average elector, it was during the land campaign, which terminated with the two general elections that took place in 1910.

Several Americans who visited the mother country during those years, men and women who had the opportunity to

attend political meetings, said that they were a revelation to them and they wished that such a campaign could be held in their country where there was little debate and no questions. There were few, then, who attempted to put old labels on new bottles. A candidate or lecturer who would be so naïve as to speak of Socialism as a system "which ensures representative government, personal liberty, free speech and an untrammelled press"<sup>1</sup> would have been laughed at.

Today, in this country, it is not unusual to find Socialists protesting that they are liberals, and as Socialists demanding a restoration of rights. It seems a very long time since Sidney Webb wrote:

... The first step must be to rid our minds of the idea that there are any such things in social matters as abstract rights.<sup>2</sup>

## II

THE CHARGE THAT was often made against the political Socialist was that he was illiterate so far as a knowledge of his subject was concerned. During the campaign in Great Britain many preachers of that gospel admitted that they learned more about Socialism at Liberal meetings than they could from their own speakers. It was a shock to several of them when Laurence Gronlund was quoted as follows:

It [the conception of the State as an organism], together with the modern doctrine of evolution as applied to all organisms, deals a mortal blow to the theory of "man's natural rights." . . . Philosophical socialists repudiate that theory of "natural rights."<sup>3</sup>

Further on, Gronlund says:

... As against the State, the organised Society, even Labor does not give us a particle of title to what our hands and brain produce.<sup>4</sup>

It would be a simple task for a young man to take works

<sup>1</sup> Abraham Cahan, in his Introduction to "Socialism, Fascism, Communism," New York, 1934, p. 9.

<sup>2</sup> "Socialism in England," London, 1890, p. 79.

<sup>3</sup> "The Co-operative Commonwealth," pp. 82-3.

<sup>4</sup> *Ibid.*, p. 85.

on Socialism which were written over a generation ago and prove conclusively that the Socialists and Communists who enter the political arenas today do not know what they are talking about. Indeed, it would save thousands of our young people useless expenditure of energy if they would sit down and read the "Communist Manifesto" instead of wasting their time listening to "hot gospelers" who do not know their creed. Either Marx and Engels, Sidney Webb, and Laurence Gronlund (to mention only a few of many writers on Socialism) thought that they knew what they were writing about or the men who misinterpret their "gospel" are deliberately deceiving their audiences.

Let us take an excerpt from the "Communist Manifesto," which was quoted perhaps more than any other during the land campaign in Great Britain, and ask ourselves if the writers, Marx and Engels, knew just what was to be gathered from it:

To be a capitalist, is to have not only a purely personal, but a social status in production. Capital is a collective product, and only by the united action of many members, nay, in the last resort, only by the united action of all members of society, can it be set in motion.

Capital is therefore not a personal, it is a social power.

When, therefore, capital is converted into common property, into the property of all members of society, personal property is not thereby transformed into social property. It is only the social character of the property that is changed. It loses its class-character.<sup>5</sup>

At question time when this quotation was put to a Socialist speaker, with the demand to explain it, the audience laughed heartily at his confusion and bewilderment. During three years there was not a single occasion on which a Socialist orator was able to say what it really meant. The reason was that at least fifty per cent of his audience would be made up of factory workers, many of whom were in small co-operative mills run by themselves, and that, besides, there would be

<sup>5</sup> Published in Chicago by Charles H. Kerr & Company, 1888, p. 32.



present the proprietors and managers of large mills who had also been working men. Indeed, a plumber, a gas-fitter, or a small carpenter could demonstrate easily that his bag of tools (capital) had no "social power" and that capital was not "a collective product."

But who has riddled the sheer statements of the "Manifesto" more severely than the Socialists themselves? Either there is a precise definition for the term Socialism or it means nothing. It can be anything, as it has become in the confusion that has ensued since debate and question have been absent from our platforms.

### III

THE MOST COMPLETE ANALYSIS of Socialism was made by Professor Robert Flint when he was at Edinburgh University. In his book, "Socialism," he says:

It [Socialism] denies to the individual any rights independent of Society; and assigns to Society authority to do whatever it deems for its own good with the persons, faculties, and possessions of individuals.<sup>6</sup>

If any student be curious about the difficulties encountered by Socialists in putting their principles and concepts into practice, or even presenting them to the electors of a country, he could do no better than study in their own literature the results of what has happened in Russia since 1917. It needs no old-fashioned individualist to expatiate upon this theme. The Socialists have told everything. When Lincoln Steffens was in Moscow, he learned from Lenin that the greatest difficulty confronting the latter was the practical application of the distributive proposals of the doctrine and the question of how to deal with the farm problem. Of course, a plan of distribution of products for the equal benefit of all, which State Socialists consider the very pivot of their systems, is sufficient to bring to grief any attempt made by the doctri-

<sup>6</sup> P. 373.

naire, no matter whether he be a God-given leader of men or the wisest politician that ever promulgated a scheme.

The result of the Russian experiment seems to be attractive to those visitors who stand in Moscow and cannot see beyond the ends of their noses. The ruse which Potemkin practiced upon Catherine II is still in vogue in Russia. The visitors have been shown only what the authorities wished them to see, and many of the "intelligentsia" have been hoodwinked by the glowing descriptions uttered by the Dean of Canterbury and other well-intentioned but very simple souls. It is amazing how some trusting individuals can be taken in. Suppose, for example, that a visitor to our shores arrived in Chicago and desired to see what had been done for the Negroes. Would the Mayor, or his deputy, take him to view the hovels of the west side, where the unsanitary conditions are a menace to the whole community? Or would the observer be shown the model housing project of the Rosenwald Foundation, on Grand Boulevard?

This may seem to be a digression, but it is necessary to point out these considerations to the student because so many false reports have been circulated about the Russian experiment. For nearly thirty years every imaginable shift has been tried and, yet, Socialism, as it was conceived by Marx and Engels, is as far from realization as it ever was.

Does any student of this problem know where any principle of political democracy has been put into force under the Soviets? Has any one yet found a Russian worker who can boast of his "rights"? Is there anything liberal in social affairs? Do they enjoy an unfettered press? Where is the free platform upon which questions of the State are debated without restriction? Surely there must be something wrong if all these fine expressions of freedom have no purpose in the only great experiment of which we have knowledge.

The use to which the Socialists, in recent years, here and

in Great Britain, have put the Bolshevik plan bears all the marks of a deliberate deception. Those in the political arena speak of it as if it were something for the British and the American people to imitate. Now let a Socialist of the old school answer those of the new. Karl Kautsky, in an essay, "Marxism and Bolshevism—Democracy and Dictatorship," says:

... In Soviet Russia it is not capitalistically trained leaders but economic leaders who came from the ranks of Social-Democracy that are similarly ruining the economic administration of their state, which they call Socialist merely because instead of private ownership of the means of production they have established government ownership of these means. But they have at the same time transformed the State into the property of the ruling dictators and instead of democratically socializing production they have autocratically militarized it. As a result we have the same dreadful conditions existing in both cases: the same degradation and slavery, although for different reasons and in different form.<sup>7</sup>

Kautsky closes this article with the following hope:

With the disappearance of the Bolshevik dictatorship there will begin a period of speedy unification and coordination of all the independent organizations of the proletarian *democracy*, who will resume their march to victory.

Not the collapse of the dictatorship in Russia but its further continuance in power constitutes the gravest menace and causes the greatest damage to the *liberation* struggle of the modern working class.<sup>8</sup> (*Italics mine.*)

These sentences are sufficient to indicate that Kautsky himself was utterly befogged about the Socialism which was to replace political democracy. Proletarian democracy has been in force in Great Britain and in this country for many years, and, still, although the worker goes to the poll and marks his ballot, he is a wage slave and has not utilized the advantages of his citizenship even to force his legislators to restore his rights.

Perhaps the student of this problem might find enlighten-

<sup>7</sup> Published in "Socialism, Fascism, Communism," p. 192.

<sup>8</sup> *Ibid.*, p. 215.

ment in Eduard Bernstein's "Evolutionary Socialism."<sup>9</sup> In this the author strips the Marxian gospel naked. He simply tears to tatters the materialistic interpretation of history. As for the theory of surplus value, he exposes it to the most damning criticism. Indeed, there is scarcely anything left to Marx and Engels after his searching analysis of their pet theories and his scathing denunciation of them. Unhappily, there are no more Bernsteins, and there has not appeared upon the scene a man of his caliber to force the Socialists of our day to study for themselves the ideas laid down in "Das Kapital" and the "Communist Manifesto."

It may be wondered what a Bernstein (if he were here) would think of the Socialists who enter the political circuses of Great Britain and the United States and masquerade as Democrats and Liberals. Would he not laugh on hearing them talk about "rights" and "liberty"? And what would he think about the proletarian sheep that follow the advice of the unschooled mentors?

#### IV

MUCH HAS BEEN MADE of the sweeping victory achieved by the workers in the recent general election in Great Britain. Many of our weeklies have hailed it as a Socialist triumph, and some of our conservative publicists have condemned it as such. It is nothing of the kind. Although the term "Socialism" has covered the party platform and the majority of the candidates elected have stood as Socialists, the program calls for nothing more than schemes for nationalizing the Bank of England, some industries, and certain services. So far, the electors (as political democrats) remain as free to vote the government out, when the opportunity presents itself, as they were when they defeated Churchill a few months ago.

As yet, there has been no attempt to use the war measure

<sup>9</sup> Published in London, 1909.

introduced by Attlee, in May, 1940, which approximated a Socialist attempt to take over persons, their faculties, and their possessions. This war measure, the Defence of the Realm Act, is the very instrument which earnest, honest Socialists would use if they meant business. But the Attlee-Laski party knows that the British people had quite enough restriction during the war and that they seek relief from it under the government they have elected. It may be presumed, therefore, that these Socialists will go no farther than nationalizing this and that and make no attempts to set up a Socialist State, either of the Soviet pattern or of any other prescribed by Marx and Engels. It will prove to be the biggest deception that has ever been practiced upon the British people. For if the great hope is that the present government can lift the burden of poverty off the backs of the workers, it is doomed to failure. Indeed, so much is said already. Political freedom, even under a system of nationalization, will not solve the economic difficulties of the laboring class. For the proprietor of every industry nationalized is to receive compensation, and no one can pay it but the same workers who paid it to their employers and landlords before.

## V

THE USE OF WORDS upon the political platform has become largely an abuse. When an English audience, gathered to hear a candidate speak on reform, will permit him to employ the old watchword of the English agitators in order to cloak his intentions, a great change has taken place. The English people in their long struggle have fought over and over again for the reaffirmation and re-establishment of rights as laid down in the Constitution; alas, they have fallen upon sad days. They have either forgotten their history or they are not made of the stuff of their fathers. They do not know that basically they stand in just the same position as they did



before the Reform of 1832, when political amelioration was to be the means of bringing about economic emancipation. The great period of enlightenment that men dreamed of in the middle of the last century, when the advocates of universal education imagined ignorance would be dispelled and knowledge would overcome all economic and political evils, has failed signally to help the workers. Indeed, when education was difficult to seek one hundred and fifty years ago, the common folk of England had far greater political sense than they reveal today.

The Radical movement in England, to go no farther back than the days of Wilkes, Cartwright, Jebb, Priestley, and Francis Place, was one that achieved great things. And what was there in the problems that harassed them that is not perplexing us today, after all our lavish expenditure on education? All the basic evils are present, and the same forces are arrayed against change. The motive of mankind has not been altered one iota by science and invention. Man is still a land animal, and he is just as dependent on the source of all things for his food, fuel, clothing, and shelter as he was in the days of Pitt and Fox. New cures for old sores catch the many, but the salves and poultices of nationalization do not touch the seat of the trouble.

It is strange that the uneducated man of Wilkes' day not only realized what was wrong with him but the cause of his malady. He knew then that he had been shackled by landlordism, both by force and by legislative enclosure. He was aware that he had lost his freedom when the commons were taken from him and when he was driven—a landless man—into the congested labor markets of the town.

There is no excuse, however, for the man of today, for he has had the political power to undo the wrong and has lost his opportunity. He has shackled himself. He has made himself a slave of the State, and if he thinks it preferable to

work for the bureaucracy than to work for an individual employer, then it is his affair. He has made his choice, and he will have to endure the problems of his own creation.

One hope there is: a revival of the agitations of the Radicals or, indeed, of the campaign which swept Great Britain in 1910. This depends not upon the success of schemes of nationalization but upon a spiritual awakening of the people, which is an English characteristic. Strange as it may seem to us at this stage, a wave of deeper religious consciousness may come again, as it did in the days of Wesley, and bring in its train a desire to re-examine the economic and political problems heaped so heavily upon the producers. We know what these spiritual revivals have done for communities in the past, and there is no reason why one should not come again and sweep all before it.

But there is little hope of such a miracle arising in the Church. A man—a Priestley, a Wesley, or a Roberts (the great Welsh revivalist)—is wanted to rouse the people to a sense of their own responsibility. Maybe the British people are waiting for their souls to be touched so that they may be inspired, as they have been in the past, to work out their own salvation. Nothing but a spiritual revolution can save us from the shackles of the State.

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## The Erosion of the Land

ONE HUNDRED AND FIFTY YEARS ago, while our country was being settled, the pioneers found the soil so fertile and rich that one acre of cleared land produced 175 bushels of corn. Today if one acre yields 75 bushels it is astounding. Forty to fifty bushels is considered very good.

We ask: What has happened? Why the smaller crops? We can only say that the topsoil of our fields has been depleted. It has been eroded by greedy and faulty methods of agriculture. The six to ten inches of food-giving earth which cover our land has been robbed. This has such a detrimental effect upon our civilization that if it is not retarded soon, we shall deteriorate into a second or even a third-rate nation.

A person who studies the rise and fall of empires in the past finds this very circumstance to have been a cause of annihilation. We read of the Cedars of Libanus in the Old Testament. When Solomon built the temple at Jerusalem he sent 30,000 workmen into the forests of Tyre to chop down the cedars necessary. Thus we can judge how extensive the forests of Libanus must have been. Today there are few if any trees in that entire area. Why this change in the countryside? The answer is erosion.

Our ancestors found such extensive territories within our borders that they became prodigal with the land. This abuse has grown and has become so serious that much of our land has been entirely robbed of its fertility and many acres formerly productive are now sterile. Within a period of one hundred and fifty years, fifty million acres have become completely worn out and another fifty million have lost much of their value. Lost acreage would equal a territory four times the size of Ohio.

A person who drives through the cotton regions of the south is astounded at the sight of the poverty stricken lands. The condition of the soil is mirrored in the features of the people who live in the depleted area. The inhabitants are undernourished. They become an easy prey for disease. They lack ambition. They are the victims of many injustices. Such conditions naturally drive them from the soil. They dream of greener pastures within city boundaries. Thousands of them flock to urban areas. Crowded cities result. Social problems multiply. Crime and delinquency increase. A city population becomes a dying population. The nation declines. Thus the erosion of the soil finally results in the erosion of men and nations.

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## Wages, Profits and Employment

By FRANK T. CARLTON

THE STUDIES of industrious statisticians show that, for a century or more, there has been a very close relationship between national income and capital invested in manufacture. The gains in production and the increases in wages are closely related to capital invested and used in industry, to inventions, and to the application of new methods. In the United States over long periods of time a steady upward trend is evident. Wages rise with technological progress. According to figures assembled by Dr. W. I. King, investment in tools and machines per factory worker increased about nine times, or from \$557 to \$5,080, in the ninety years from 1849 to 1939. The yearly gross output per worker was multiplied about seven times. Hours of work per week were reduced from 69 to 39, and real wages per hour of work were multiplied about four times. Similar trends in regard to wages may be noted in occupations requiring little capital investment. The charges made by barbers are largely assignable to wages. The increased charge for haircuts ranges from 25 cents in, say, 1900 to 85 cents in 1945, with one dollar already on the horizon. This is a three-fold plus increase in less than fifty years. Tips were infrequent in 1900; today they are not uncommon.

Carl Snyder reaches the conclusion that there is a definite relationship between high wages, high profits, and a large investment of capital in productive industry. In his opinion the relation of cause and effect runs from continued investment in industry to high wages. High wages are the result of increased output due to a growing use of capital; therefore, runs the argument, anything which stops the necessary in-

crease in capital will check the rise of wages. It is suggested in this article that this argument neglects certain factors in the relation between investment and wages—the whole story is not told.

# I

OVER A PERIOD OF YEARS the total purchasing power of a nation equals the total productivity of that nation. Even in these days of great potential productivity there is need of stressing the importance of capacity production, of efficiency on the part of both management and labor, and of scientific management and research. The future of America is clouded unless we are able to find a way of operating our plants at capacity and of attaining high-level and efficient employment of our manpower. If this cannot be achieved under capitalism and democracy, some revolutionary changes, good or evil, may be anticipated.

A strong and virile people in this age of technology is able to utilize efficiently its production mechanism—factories, farms, mines, transportation systems, and its manpower. The kind of goods produced is also closely connected with the distribution of purchasing power. Industry considered from the national point of view depends upon the actual use of purchasing power. Business needs buyers; it depends upon customers. Since the salaried and the wage-earning group constitute a large percentage of the families in the United States, the total wages paid to American workers become important in determining the demand for consumable goods and indirectly for capital goods. Low wages, irregular employment, and unemployment will reduce the purchasing power in the hands of families of wage earners and in turn will lead to a reduction in the national output from which ultimately all types of purchasing power originate.



Unless leaders of labor and of industry begin soon to visualize the United States of America as a large production mechanism to be operated for the benefit of the consumer primarily, that is, for the benefit of all of us, an economic breakdown is ahead. If management and labor continue to consider the consumer as fair prey, there is danger of stalling the capitalistic system. In this age of machinery, power, and atomic energy, the American people, and others as well, should be educated to think in terms of the community, the nation, and the world.

Wages, interest, rents, and profits come ultimately out of production; and the direct and fundamental way to increase these forms of income is to make additions to the total output of the community—exactly as my pioneer grandfather increased the foodstuffs and other goods consumed by his isolated family.

Real wages or the goods and services which can be purchased with the money in the pay envelope, may be raised (1) by increasing the total production of the nation and therefore the total amount to be distributed among the factors of production. Real wages may also be increased (2) at the expense of rents, profits, and interest, by changing the distribution of functional income, unless such changes result presently in a reduction of the total output because of a consequent reduction of investment in new capital. The automobile workers in 1945 demanded increased wages without increasing the price of autos. If this policy were carried out without reducing or increasing the output of cars, it would mean a transfer of funds from profits to wages; but a sudden and considerable transfer of income from investors to wage earners might check savings and lead to an ultimate reduction of wages due to a reduction of production in a capital-starved economy.

From the standpoint of purchasing power in the markets

of the nation, the important consideration in regard to wages is not the hourly, daily, or weekly wage in terms of dollars and cents; it is not the money wage. An increase in the money wage accompanied by a rise of prices is of little import to the wage earner. He receives more tokens and pays out more in order to obtain practically the same income of goods and services. Money is a tool to help make exchanges in a community of specialists. It is not wealth; it is a claim to wealth. Actual wages and actual profits are goods and services purchased with the dollars received as wages or profits. Real wages, it should ever be remembered, may be raised by lowering the price level as well as by increasing the amount in the pay envelope. From a social point of view an important matter is also the number of workers regularly employed or the full utilization of the manpower of the nation. The total real wages paid to all workers annually is most important from a national point of view.

The national output of goods is the resultant of the outputs of multitudes of small, medium-sized, and giant businesses. Each of these, if it is to remain in operation, must make profits out of which the investors and the management may receive income. The business which remains in the red year after year will finally pass out of the picture. Poor management methods or the restriction of output by the management or by the employees will tend to reduce the output and increase the unit cost in the given plant or business. In the long run investors, management, and wage workers in that business will be injured as a consequence of this procedure. As usually carried on, collective bargaining leads to an advance in money wages, first for one group, then for another group, or it prevents or tempers reductions in wages. Well-organized groups may gain, and in so far as higher wages tend to raise prices, other workers may lose.

Real wages may be reduced by cutting wage rates or by

a rise in the price level which lifts the cost of living. Unless the rise in the cost of living is very abrupt, the workers do not usually adopt a militant attitude; but a proposal to reduce wages is almost invariably met by vigorous opposition from the organized workers affected. Why does militancy appear when workers are affected by this direct method of cutting real wages while on the other hand grumbling acquiescence usually follows the second way of reducing real wages? The change in the price level or in the cost of living seems to be more impersonal or automatic than a reduction in the money wage rate. However, this alone would not seem to account for the difference in attitude. A rise in the cost of living affects nearly all at the same time and with not greatly dissimilar results. A cut in the wage rate tends to reduce the income of one group of workers relative to other groups. It may also be suggested that money wage increases are often obtained by direct union action, but unionists rarely aggressively demand cuts in the prices of the articles they are producing.

Wages are not paid by industry as a single integrated unit. Wages are paid by each one of a multitude of business concerns employing wage workers. Wages are one of the many expenses of doing business. Except in an autocratically controlled nation, wages are raised or lowered in a piecemeal fashion. When money wages are lowered, for example, in a given industrial unit, the price of the product may not be changed. This is often true in the case of a monopoly or of an administered price program. Under competition price changes may come slowly, if at all. Furthermore, since wages are only a fraction of the total cost, prices will doubtless be lowered less than wages. Consequently, it appears that lowering money wages in a given industry or in part of an industry will transfer purchasing power from the wage workers in that industry to other groups connected with that

industry, to the stockholders or the enterprisers. Conversely, raising money wages in a plant will transfer purchasing power from the receivers of profits to wage workers, unless increased demand for the commodity produced, followed by greater output, lowers costs markedly.

## II

THE REAL WAGE represented by the purchasing power of the take-home pay, however, is not the actual real wage of the American worker. The actual or enlarged real wage consists of the purchasing power of the pay envelope plus certain governmental services, such as free tuition for children attending public schools, social security programs, and free recreation facilities. The actual real wage may be increased without increasing the take-home pay or changing the price level. These governmental services are paid for wholly or in part out of the income. If progressive tax rates on incomes are used the worker gains more than he pays out and there would be a transfer of income in the form of rent and profits into enlarged real wages. A tax on land rents, or on the right to own land, and on monopoly gains would also make possible additional real wages by indirectly giving a subsidy to wage workers.

Australia has been following a plan for increasing actual real wages by enlarging governmental services such as are found in social security programs including endowments for young children. Such increases in economic security for the wage earners will probably come only at the expense of some reduction in individual freedom of action and of a growth in the authority of government. It may reasonably be argued that American labor primarily should aim at increasing the actual real wage rather than the money wage. It should aim at preventing prices from rising rapidly as well as raising money wages. Enlarged real wages might be in-

creased without endangering total productivity, if a taxation program were insisted upon which did not bear so heavily upon "venture capital" as to put the brakes upon industrial pioneering and business innovations.

Investors put their savings into capital goods when the demand for consumption goods is increasing rather than diminishing. Investment continues only when the prospects of future demand for consumption goods seems fair or excellent to the investor. Over a period of years involving one or more complete business cycles, the prospect of large and regular purchasing of durable and transient goods and services appears attractive only when wages and other income of the great mass of the people is excellent. On the other hand, increasing wages unless efficiency is correspondingly raised means the reduction of other forms of income. Sooner or later demands for more and higher wages will tend to weaken the inclination to make investments for future profit. Investment tends to be considerable when the prospect of sustained purchasing of the output of industry seems good.

To develop such a situation, high wages are essential. Any circumstance which reduces the sum total paid in wages, or threatens to do so, is likely to affect adversely the further investment in capital goods, such as machinery and buildings. Higher wages, unless accompanied by a corresponding increase in efficiency, mean increased costs; but the costs are not increased in proportion to the rise in wages—unless very little capital is used in connection with the output. Generally, high wages in the pay envelope would mean large purchasing power which would be used primarily for durable and non-durable goods and services, would require larger output, and hence normally would be followed by more efficient methods of production and more complete utilization of capital in industry. However, if increased money wages without rising price levels point toward a reduction of sav-



ings and presently lead to reduced or stable production, it may lead to unemployment and reduced wages. The famous goose laying the proverbial golden egg may be killed. As suggested above, a tax policy which bears heavily upon new business ventures may also lead toward reduced real wages of the actual or enlarged type.

Industrial progress in a plant may be the result of using the depreciation or replacement funds to replace wornout or obsolete machines, tools, and buildings by better and up-to-date equipment. It may take place without additions being made to the sum total of capital investment in the plant. Likewise in a "mature" economic society economic progress may come chiefly through a replacement of worn and obsolete capital goods rather than through the fabrication and utilization of large amounts of new capital goods. Technological improvement and betterment in managerial and personnel procedure may result in improvement in national productivity and national income without a corresponding increase in additional capital goods. A statistical study in England shows that in a country with a longer industrial history than ours, net investment as a percentage of national income has declined from 12.2 in 1907 to 7.2 in 1929 and 6.9 in 1935.<sup>1</sup> May not a similar trend be anticipated in the United States? If so, a relative reduction in the output of capital goods over and above replacement for wear and tear and obsolescence may be anticipated as the normal course of development in an industrial nation which is no longer in the pioneer stage. Relative increases in the production of durable consumption goods such as automobiles, refrigerators, furniture, radios, washing machines, and dwelling houses may also be expected. It has been estimated that during the fifty-year period between 1879 and 1929 the proportion of durable goods, capital, and durable consumption goods, to all

<sup>1</sup> C. Clark, "National Income and Outlay," p. 185.

commodities produced increased from 31 to 44 per cent; but at the bottom of the subsequent depression the percentage dropped to about 27.<sup>2</sup> The demand for durable consumption goods as well as for capital goods is easily postponed. However, the demand for many forms of durable consumption goods is relatively elastic and would continue brisk if prices were lowered.

Snyder and other statisticians have estimated that for a generation before the year 1930 the production of physical goods in the United States increased from three per cent to four per cent per year compounded. Whatever may have been true in pioneer days, the prospects of markets at home are now essential to investment and to the enlargement of industrial equipment; and the prospects of markets for the products of industry depend primarily upon actual or enlarged real wages. If the above-mentioned rate of increase or one slightly less is to be maintained in the immediate future and serious periods of depression eliminated, a steady increase in utilized purchasing power through an increase in total real wages will enable investors, corporate or otherwise, to vision continued returns from investments, present and future. During the period of geographic expansion wage rates generally tended upward; because the demand for labor increased. This growing demand for labor power was partially balanced on the supply side by high birth rates, considerable immigration, and the increased use of machinery and power.

Now expansion is forced to take place along other lines; it will be intensive rather than extensive. Intensive expansion of the national economy is measured by an increase in the standard of living and, therefore, in the total output of industry, measured chiefly in consumable goods and services. Furthermore, unless consumption does increase, the need for expanding plant declines and the danger of over-investment

<sup>2</sup> C. S. Tibbetts, *Journal of the American Statistical Association*, March, 1939, p. 27.

becomes considerable. If the capital goods industry is overstimulated, temporary recovery may be experienced only to be followed by more serious depressions.

### III

PROFITS MAY BE EXPLAINED as a kind of fee which society pays for the services of business men. Too much may be paid for such services. When industrialists make large profits, they are prone to over-expand their business. In a complex and interdependent industrial age, it may be legitimately questioned whether American business should be trusted with large profits. There can, of course, be too much investment and too little demand for consumption goods produced in the industries utilizing the results of investment. We may find ourselves in the position of the young man dressed for a party but with no invitation. We may have the equipment, resources, workers, and management, but with inadequate demand for the output of industry.

The corporation which makes large net profits and uses such profits to build new factories for the production of automobiles, tires, textiles, or shoes, when the nation is already producing all that is demanded of these articles, wastes national wealth. A misdirection of human and natural energy results.

Purchasing power should be distributed so that more autos, tires, clothing, shoes, and other consumption goods and services will be purchased. A larger fraction of the national output should be in the form of consumption goods and services and less relatively in capital goods. Why build more factories when those already built are not fully utilized?

The growth of large corporations with many and absentee stockholders has divorced ownership from active management in a large portion of the business field. The corporation

is a creature of the State. The fact that profits in those industries in which management and ownership are merged have traditionally gone to the owner does not necessarily prove that profits made by a corporation should as a matter of course go to non-functioning owners. Such has been our practice. This method has carried over without analysis from small-scale industry to large-scale corporation-operated business.

However, it is feasible to change laws regarding the incorporation of limited liability groups so that profits may be divided among workers, management, and customers. To do so, federal incorporation may be essential. Common stockholders might receive, as do bondholders, a definite rate of dividend, if earned; and their claims to the assets of the business might be limited to their original investment or to some definite percentage of increase.

Such a program would tend to increase purchasing power in the hands of workers by increasing the amount in the pay envelope and by reducing the net prices charged customers. If a business continued under the unlimited liability requirements of a partnership or single-enterpriser business, no change need be made in the traditional rights of ownership. Thus, constitutional difficulties would be avoided.

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## Liberals and Social Reform

THERE ARE MOVEMENTS afoot which seem promising for man's betterment in attempting to meet his needs. The action of national governments, among them our own, in providing material aid for the needs of other nations has shown the stirring of an international morality. It has been shown again by the action of Americans in writing a constitution for the government of humanity. We have already shown the possibility of a new kind of social planning, and a new relation of man to nature through science, in our own project in the Tennessee Valley. We have had a comparable statement of wise international planning for the control and use of atomic energy, in the work of the Acheson committee.

These are actions and values which belong to the American tradition of social idealism, and show a new sense of direction for national and international morality. They help to create social conditions and attitudes in which new moral values, for the individual and for society, can grow and establish themselves. We have the resources of the social and natural sciences to apply to those human problems, and to plan for their solution. The inner personality of those for whom we plan can then gain an opportunity to grow, in itself, and in its relation to others.

It is contrary to the experience we have had in the last fifty years to assume that we can solve these human problems only by calling for a purification of the intellect and passions from the sins of ignorance and selfishness. Such moral virtue can only survive in an environment where virtue is not a handicap, and we cannot wait for men to become better before beginning to establish a better social order.

The attack must be a joint operation of moral betterment and social improvement, in which we state our ideals boldly and take steps which can establish them as reality. Muscular liberalism and exhortation to puritan ideals in personal life, as recommended by Robert M. Hutchins, Ralph Barton Perry, Lewis Mumford, and others are approaches to the problem which concentrate on individual reform of persons, and ask the world to repress its desires and defeat the passions by reason. The shrill cries of (other) angry liberals do not aid in social planning. They help to encourage the tendency in America to moralize and to look at the world in continued annoyance that it does not conform to the views of an enlightened America. Human nature is neither depraved nor enlightened. It does the best it can with the material with which it has to work. Fortunately, human possibility continually outruns the realities in which it finds itself.

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## Some Recent Academic Criticisms of Land Value Taxation: Are They Intellectually Respectable?

By HARRY GUNNISON BROWN

A YOUNG ECONOMIST FRIEND who had become interested in Henry George and the proposal to appropriate the rent of land by taxation, once told me that when, as a graduate student, he had commented on the matter to one of his teachers, he received a friendly warning. He was informed that the land-value tax idea was not generally favored by economists and the suggestion was made to him that, as a young economist, he would do better not to give it too hasty support. Another professional economist, of somewhat greater years and experience, and joint author of a book in which a high land-value tax was favored, confided to me that, on that account, he had taken considerable "razzing" from colleagues.

But the question can certainly be raised—and I think it is *high time for it to be raised* among professional economists—whether it is really the advocates of a land-rent-taxation system who are properly to be considered beyond the pale of intellectual respectability. An unbiased scrutiny of the evidence may indicate that this distinction should be reserved rather for various professors of economics who argue sophistically against such a system.

Some of the evidence on this matter I have presented in my book on "The Economic Basis of Tax Reform,"<sup>1</sup> where what may fittingly be called the malapropisms of these professors are analyzed. Conservative economists who respect unduly the views and arguments of these professors are invited to examine this evidence.

<sup>1</sup> Columbia, Mo., Lucas Brothers, 1932.

In the present paper I shall comment only on some pronouncements appearing in one recent textbook. This is "Modern Economics—Its Principles and Practices,"<sup>2</sup> by Justin H. Moore, William H. Steiner, Herbert Arkin and Raymond R. Colton.

## I

IN READING THE AUTHORS' comments on land speculation which precede by about a page their discussion of land-value taxation, one might, if he were unwary, almost suspect these authors of favoring the socialization of land rent. For in commenting on land speculation they remark:<sup>3</sup>

The land involved is usually bought by speculators and is thrown out of use as farm or truck land, and eventually subdivided into lots for sale to the public. There are often social losses incurred in this process of preparing land for urban use. First the services of the land as a farm are lost—and frequently for as much as 20 years; second the time and labor of the subdivider and his crew; third the capital invested as "improvements" may be lost if the city does not grow in that direction; in many communities there may be seen miles of sidewalks and curbing with no houses along the way; fourth there are losses due to dislocation of economic relations in the community. In Los Angeles in 1924 there were 256,557 lots vacant. Their estimated value, based upon an adjustment of assessed valuations, was \$1,100,000,000 and the annual carrying charge about \$100,000,000.

They then point out<sup>4</sup> that "when, by reason of population growth, land rises in value the increment is frequently called the *unearned* increment."

"Ah! Now we have it," says the reader who favors the land-value-tax program. "Surely the authors are really starting to show us that private enjoyment of the rent of land should be done away with."

But the very next sentence apparently indicates a feeling of the authors that, on the average and in the long run, there

<sup>2</sup> New York, Thomas Nelson & Sons, 1940.

<sup>3</sup> P. 338.

<sup>4</sup> *Ibid.*

just *isn't* any *net unearned increment* worth serious consideration. For this is what they say: "Yet, in fact, for the fortunate few, or their descendants, who benefit from such an increase in value, there are many who took similar risks in buying and holding other land only to see it decline in value."

Just a little further down the page they express the same idea by saying: "Enormous *decrements* of land values have ensued."

And still later,<sup>5</sup> under their summary of "Criticisms of the Single Tax," the authors say:

If unearned increment in land is to be discriminated against, it would be only fair to use the tax proceeds thus obtained for compensating other landowners for unearned decrements. There are thousands of owners of farm and urban land today who would not obtain as much for their property as they paid for it.

By this time it must be obvious to readers familiar with the writings of other economists that the authors are following the conventional pattern of opposition to the basic ideas of Henry George. And they seem to be exhibiting a conventional lack of understanding of Henry George's real proposal,<sup>6</sup> notwithstanding they do say that "the object of the single tax is to tax away the unearned economic rent."

For the complaint which those who follow Henry George make against the present set-up is not at all about the "unearned increment" in the sense that some land will now bring a higher price than the owners paid for it.

To illustrate, let us compare the land problem in this regard with the problem of slavery. Those who have opposed human slavery have not put their opposition on the ground that some slave owners may find their slaves worth more than they paid for them or may be able to sell them for more than

<sup>5</sup> P. 341.

<sup>6</sup> See my paper, "Anticipation of an Increment and the 'Unearned Decrement' in Land Values," *AM. JOUR. ECON. SOCIO.*, Vol. 2 (April, 1943), No. 3, pp. 343-57.

the price at which they bought them. For example, suppose that Smith has bought a young slave for \$1,000 that he is able to sell later for \$1,700. The real exploitation involved is surely not to be measured by the *increase* of \$700 in the value of the slave. Though the total value of any slave or of all slaves may indeed be an indication of the amount of exploitation going on, the question whether slaves are *becoming* more valuable—or *less valuable*—than at some previous date has little or no relevancy. The real question is not whether Smith has got more for his slave from Jones than he formerly paid in purchase price to White. The question is rather, aside from the matter of deprivation of personal liberty, whether Smith is getting more *from the slave* than he pays *to the slave*.

The principle is similar in the case of land. Whether a particular piece of land or land in general has now a higher sale value than it had at some specific date in the past, is not the important question. The really important question is whether some must pay rent to others for *permission* to work on and to live on the earth in those locations which geological forces and community development have made relatively productive and livable. It is, expressed in reverse, whether a part of the people shall have the exclusive privilege of collecting this rent. The sale price of a piece of land or a site—as distinguished from any improvements on it—is but the capitalization of the expected future rent to the owner. And so *any sale price at all*, even though it be lower than some previous sale price, so that there is what our authors call a *decrement*, nevertheless indicates an expectation that the private owner of the land may still collect tribute merely for giving his *permission* to make use of advantages due not at all to his efforts but to geological forces and to community development.

## II

IN THE FIRST OF their "Criticisms of the Single Tax," the authors say,<sup>7</sup> among other things: "The imposition of such a tax would cause a major panic which would profoundly upset all business."

The contention that a panic would ensue from "the single tax" is reminiscent of the contention often made by Republican politicians just before and after the turn of the century, regarding "Democratic free trade." For years, one of the principal campaign arguments used by the Republicans was that, if given the power, the Democrats would reduce the tariff and that such reduction would cause business depression and unemployment. The panic of 1893 and the succeeding depression were thus explained, notwithstanding that the Democrats did not pass their tariff reduction bill until late 1894 and notwithstanding that the reduction then made was so inconsequential that President Grover Cleveland referred to the law as "an act of party perfidy and dishonor." And when the objection was raised to this Republican argument, that a tariff reduction late in 1894 could not cause a panic in 1893, the reply was made that the *fear* of this imminent reduction occasioned the panic. Indeed, I distinctly recall running upon an even more extreme form of this argument in connection with the causation of the panic of 1907 and the ensuing depression. The statement here was, not that there had been a reduction of the tariff and not, of course, that a *different party had come into power* with the *intention* of reducing the tariff, but that there had been *criticism* of the tariff as too high. Men had *talked* about the tariff rates adversely. Hence, the business interests were *frightened* and depression followed!

The authors of "Modern Economics" do not say *why* the adoption of "the single tax" program "would"—or even why

<sup>7</sup> P. 341.



it might—bring a panic. They do not say whether or not they think a gradual adoption of it would have precisely the same effect as its sudden adoption. They make no attempt whatever to show, by reference to the steps which have been taken toward such a system in Australia, Northwestern Canada, New Zealand and Denmark, whether there is the slightest factual basis for their statement. They merely assert (for the benefit of such students as might otherwise find the land-value-tax idea an appealing one?) that the imposition of such a tax “would cause” a “major panic.” And whatever they may mean by this statement, most readers will naturally assume that they mean business depression in the usual sense, with unemployment and reduced output.

Yet in the second of their “Criticisms,” they say:<sup>8</sup> “If all vacant land were utilized,”—presumably because of a high land-value-tax—“the result would be to bring about an overproduction of crops or goods.”

Do the authors mean, therefore, that the application of Henry George’s remedy would at the *same time* decrease output and *also increase* output,—that it would at the same time *decrease* employment and *increase* employment? If this is not what they mean, then what do they mean? Could it conceivably be that, in their view, the substitution of a desert like the Sahara for much of the better land of the United States would make us *more* prosperous by preventing “overproduction?” Is it their opinion, perchance, that by *producing less* and having less and thus avoiding “overproduction,” we avoid depression and thus have more employment and have more to enjoy and, therefore, really *produce more*?

The seventh point<sup>9</sup> in the authors’ “Criticisms” includes *two* points! The first is that “the Single Tax is not a cure-all,”—as if anyone would claim that it is! The second of the

<sup>8</sup> P. 341.

<sup>9</sup> P. 342.

two is that "it would cause such an upheaval in established ways of doing business, that a major panic might ensue." This second part of Point Number 7 seems to be essentially (but substituting "might" for "would") a restatement of the first point mentioned in Number 1. However, there is added to it, and without explanation, reference to "an upheaval in established ways of doing business." "Upheaval" is a rather startling word and it is natural to ask for a bill of particulars. Will retailers disappear? Will business men cease to borrow from banks? Will barter take the place of transfers of goods in return for money and checks? Just what sort of "upheaval" do the authors think would result from such a change in our system of taxation and *why*?

### III

AN ALLEGATION by the authors that returns on improvements could not be distinguished from land rent appears in Point Number 3 in the form of a statement that<sup>10</sup> this would be "impossible" and that, therefore, "the single tax would either be in excess of the economic rent, in which case capital would be taxed, or less than the economic rent, in which case the single tax would fail of its purpose."

Isn't it a bit startling to see a statement that, in case every last cent of rental value is not taken in tax, the "single tax" must "fail of its purpose?"

In Point Number 6 of their "Criticisms" the authors have in essence repeated the point made in Number 3 about the difficulty of distinguishing land rent from the yield of improvements. True, the authors do not say in Number 6 that improvement returns *could not* be separated from rent and they do not again use the word "impossible." What they say in Number 6 is that there would be "great difficulty" in "ascertaining the value which had been added to the land by

<sup>10</sup> P. 341.

improvements, such as draining, clearing, fencing and cultivating."<sup>11</sup>

Clearly, if we were to tax only land values and were not to tax improvements at all, there could be no reason whatever for "ascertaining the value which had been added to the land by improvements," unless the reason were that to do this would help in estimating how much of the value of a piece of property was pure land value. Either, therefore, Number 6 is altogether irrelevant or else it is, for all practical purposes, just a restatement of Number 3.

Besides the statement that the single tax "would cause a major panic," a conclusion for which, as has been noted above, the authors give not a scintilla of evidence, Point Number 1 contains also the assertion that "The present owners of land would find it impossible to sell their holdings. The present capitalized value of land would melt away due to lack of purchasers willing to assume new burdens."<sup>12</sup>

In the second sentence quoted above we find stated as a "criticism," a point that those who urge the socialization of land rent consider a very great advantage. For a falling sale price of land, coupled with removal of taxes on improvements and commodities, makes for greater ease in securing ownership of land by those who would use it and, therefore, for a substantial diminution in tenancy. Also, a high speculative price of land stands in the way of every scheme to provide low-cost housing for the poor. The fact is that high sale prices for land are not at all to be desired but are, rather, an economic and a social calamity.

The authors' hodge-podge of "criticisms" under *seven* headings, with the same point given under headings 1 and 7 and another point given under both 3 and 6 and with, in at least two cases, a number of separate and distinct points under

<sup>11</sup> P. 341.

<sup>12</sup> *Ibid.*

a single heading, surely is not very impressive. Indeed, perhaps the least uncomplimentary interpretation of their presentation would be that the authors really believe in the principle of rent socialization, that, however, they somehow fear to confess their sympathy directly and openly, and that they are, therefore, trying to support the principle by indirection, *viz.*, by making the case of the opposition look ridiculous!

But there are reasons for concluding that this least uncomplimentary interpretation of their treatment of the problem is not the correct interpretation. For the fact that the authors are definitely opposed to the land-value-tax program is made sufficiently clear in their chapter on rent and elsewhere. Thus, they refer to Henry George's "Progress and Poverty" as having "received wide acclaim from socialists."<sup>13</sup> Why mention *especially* the socialists, since Henry George's economic philosophy is essentially individualistic, since many who are not socialists have "acclaimed" him, since his professed followers are generally opposed to socialism and perhaps more so on the basis of their general economic philosophy than almost any others, and since not a few socialists have been contemptuous of his proposed reform? Can it be that this emphasis on "wide acclaim from socialists" is given with the idea—and the wish—of discrediting Henry George among the anti-socialist majority of American college students!

And what shall we say about the statement that "the cult has not completely died out?"<sup>14</sup> Or about the authors' later pronouncement on what is desirable tax policy:

The only safe rule is to institute a mixed system of taxation, including both direct and indirect taxes, levied on property, income and consumption, the whole conforming, so far as possible, with the various theories already discussed.<sup>15</sup>

<sup>13</sup> P. 339.

<sup>14</sup> P. 340.

<sup>15</sup> P. 433.

These "various theories already discussed" are "the benefit theory," "the faculty theory," "the social theory" and "the equality of sacrifice theory." And nowhere do the authors reveal any real understanding of the reasons why the rent of land is an especially desirable source of public revenue.

#### IV

"THE PRACTICAL EFFECTIVENESS and sufficiency of the Single Tax to pay the increasing costs of government," say our authors, "have never been demonstrated. . . . To declare the hotels, skyscrapers and other buildings immune from taxes, and to levy only upon the land beneath them would leave a fiscal gap so serious as to bring government to a standstill."<sup>16</sup>

Assuming it to be proved—and here again our authors merely *assert*, though they certainly make their statement sufficiently horrendous!—that the "single tax" would be insufficient to meet all the revenue needs of government, this would be *no argument whatever* against the socialization of land rent. It would be *no argument at all* against using the annual rent of land as *the* chief source or *a* chief source or the *first* source of revenue, to be supplemented by other taxes in the order of their desirability. *Why don't the authors say so?* Why do they *insist* on tying up, throughout their discussion, the fundamental problem of the socialization of rent with the relatively unimportant question whether such socialization would take care of *all* public needs?

But note, nevertheless, how very "liberal" and broad-minded these authors are! For they are willing to admit that, after all, Henry George may have done some good in the world. Of course there was nothing in the main idea on which he spent much of his life! It is simple to show, in just a few well-chosen words, how fundamentally fallacious and utterly impracticable his main idea and his program of action

<sup>16</sup> P. 341.



were, so that any elementary student of economics can easily see that Henry George was altogether wrong-headed! But George was quite a man for all that! As our authors put it, he "did not live in vain, for his ethical ideas were pure and noble and served to convince the following generation that economic problems cannot be solved unless reasoning, observation and experience be animated by a driving moral force."<sup>17</sup>

And just think, young men and women in the college classes in economics, Henry George really helped, too, to bring some "practical" reforms or, anyway, *one* practical reform. The authors of "Modern Economics" say it like this: "One practical reform which he indirectly set in motion was the Torrens system of registering titles to real estate."<sup>18</sup>

As the authors' story proceeds, however, it appears, first, that the Torrens system was introduced into South Australia by Sir Robert Richard Torrens in 1857, which was more than twenty years before Henry George's "Progress and Poverty" was published and some years before he arrived at his conclusions in his own thinking. And it appears, second, that, although the Torrens system is on the statute books of eighteen states of the United States, it is a dead letter in most of them so far as actual operation is concerned, and that this is because "the influence of the title companies, lawyers and mortgage companies has been too strong for it to supplant the long-established procedure."<sup>19</sup> But, anyhow, Henry George "indirectly set in motion" this "practical reform!"

So you see, do you not, young men and women of the college economics classes, how very great Henry George was, what practical influence he had, how this practical influence really came to nothing, how very wrong he was in all his analyses, and how "pure and noble" were his ethical ideas!

<sup>17</sup> P. 342.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

Truly a remarkable combination of fundamental lack of comprehension—not to say of stupidity—of practical influence which was at the same time practical futility and of moral greatness!

And thus we come at last to the exciting climax—or is it rather the almost unbelievable anti-climax or the stunning ideological debacle?—of another college textbook presentation of the land-value-tax question!

But there are still, it seems, numerous members of the economics professoriate who believe that those who argue in *favor* of the land-value-tax policy thereby put themselves intellectually outside of the "best circles" and that the analyses of those who *oppose* any appreciable relative increase of taxation of land values are intellectually on a higher plane!

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# The Huge Potential Market for Housing

By T. SWANN HARDING *and* WILL LISSNER

WE AMERICANS are accustomed to prate the fact that our living standards are the highest in the world. Yet, as a nation, we have been ill-housed for many years. Apart from our lag in land use planning which involves problems of greater magnitude in community development, and the regressive effects of the urban real property tax and our tax system in general, the poor housing inheres both in structures unfit for the purposes demanded of them as well as in the already obsolescent residences put up by the unimaginative building industry and sold as modern housing.

We had not recovered from the effects of the first world war before the second was upon us. Neither urban nor rural housing ever had time and means to catch up to population growth and progressive ideas. During war, as during depressions, the housing market is determined by family income, the number of households, and the proportion of households willing to buy homes or preferring to double up with one another.

In April 1930, the 23 1/3 million nonfarm households had a total rent bill of 12 billion dollars annually. This included imputed rental of owned homes at a rate of 1 per cent of the reported market value. Ten years later a smaller total income was being divided among 27 3/4 million nonfarm households and the average rent bill had dropped with the average income.

In 1930 about 60 per cent and in 1940 about 80 per cent of our families lived in houses with a rental value of \$40 a month or less. While nonfarm households had increased about 20 per cent during this decade, there had been a decrease of almost half in those occupying dwellings at more than \$40 a

month rental. A correspondingly larger increase of 60 per cent had occurred in those who could afford to pay only \$40 or less. Expenditures for housing had declined almost as much as income per household.

During the same decade, 1930-40, almost 3 million dwellings were constructed in the \$40-a-month rental or price range, yet the total of these had decreased 4 million by the end of that period. For, during the same time, some 6 million dwellings were handed down from the \$40-or-more-per-month bracket to lower brackets. This may be attributed to the fact that there was an excess 1930 supply over 1940 demand for higher-bracket housing. It was not because of reasonable depreciation and obsolescence.

During the past two decades we had a net increase of about a half million families per year. The rate dropped as low as 300,000 in the 1932-33 period but rose as high as 700,000 just before the war when hasty marriage became frequent. The net increase in families was greater during 1936-40 than during the construction boom of the twenties. Today it is estimated that while nearly 3 million veterans with families will soon want homes, 800,000 of them at least will have to double up.

Today an even larger proportion of the housing demand is in the low-price range than was true in 1940. During the 1930-40 decade the aggregate supply of housing exceeded the demand over most of the price range where new construction could seriously compete with existing dwellings, but increase in effective demand, that for which people could pay, was all concentrated at the lower end of the price scale, hence a good replacement market could not develop.

Since demand right along has exceeded supply insofar as cheap housing was concerned, few buildings were demolished and many socially undesirable dwellings had to provide shelter whether they were fit for it or not. It was about in this situation that we entered the war and, now that it is

ended, it will be hopelessly impossible for the housing industry soon to supply sufficient dwellings to meet legitimate demands.

There are now something like 31½ million nonfarm households in the nation, and total nonfarm income is not strikingly above the 1939 level though it did attain 60 per cent above that level. Our normal work-force putting in normal hours will soon be able to produce the output we require. Given full employment and 1942 price levels, one might assume that housing expenditures would soon come near attaining those of April, 1940. The average family should also be able to afford the average \$43 monthly rental of April, 1930, but the distribution of price classes differs.

Demand for nonfarm dwellings with a rental value of over \$30 a month is probably 8 or 9 million above 1940; that for the under-\$30-a-month would probably run 4 or 5 million fewer. Prices of existing structures have been marked up shockingly and without severe control will go much higher still, simply because it is physically impossible for us to construct houses as rapidly as we can sell and occupy them for sometime to come. (Here we speak only of *structures*; the speculative rise in urban land values, a special obstacle to adequate housing, is in addition to this.)

There is probably right now effective demand for 8 to 10 million additional dwellings, but costing around \$3,000 each. Replacement demand depends squarely upon what happens to construction costs. The potentialities are enormous, if the lumbering and inefficient housing industry can pull itself together and meet the challenge. That means development of some sort of largely prefabricated product which can be set up cheaply in widely dispersed communities and in a wide variety of architectural forms.

At the moment many construction concerns are still out of business. Dwelling sites are being held for the "top" of the market. Materials shortages face prospective builders on every side. The prices of building raw materials and patented



and monopolized products and accessories are rising sharply from speculative influences. And labor is strongly inclined, having suffered frightful unemployment in the past due to reactionary management policies and the restrictions of monopoly, to enforce limits on the day's output, to refuse union admission and streamlined training to needed apprentices, as well as to demand that only specified types of equipment, controlled by co-operating distributors and contractors and requiring much labor for installation, be used. Some estimate that we now have in business only about a fifth as many contractors as we had before the war. It will take time even for these to get going again, too.

Even if we attain full employment the market for houses costing \$5,000 or more will be limited. Only two-thirds of our postwar households which would be in the market to buy or who are in now could afford that; the remainder would want houses costing from \$3,000 to \$5,000. The housing industry has never before organized itself to tap this mass market. Yet it could be tapped at a profit, just as the Rural Electrification Administration taught sparsely populated rural districts how to get electric power, at a profit to the utilities providing the power, but which had themselves never regarded such a market as profitable enough to service.

In the past low-cost housing has depended mainly upon reducing the size of the dwelling or eliminating all but bare essentials. Yet, in 1940, we had about 4 million houses with a rental value of \$20 or less a month for which there was no market. Now everything is filled.

A huge potential housing market exists. If the bungling housing industry, fettered by monopoly, looking towards the past and swamped in the archaic, cannot rise to meet the challenge, the government will be called upon to do so. In either case a rational reorganization of building construction is not yet in sight.

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## Verbiage on the 'Left'

By ELGIN WILLIAMS

IT IS REASONABLE to suppose that before very long the "Left" will cache some old and cherished relics whose sedulous preservation and perennial renovation now sap its energies. That these totems are beautiful and venerable cannot be denied. What is more writ in the skies than the divergence of class interests? When is a man more rapt than before the labor theory of value? What is more reasonable than that one must fight for what one gets in this world? And it cannot be denied that they are worse than useless for theorizing and practice.

Each and every one of these keepsakes fulfills a sanctifying purpose and none other. They are not used in actual analysis but are attempts to answer meaningless questions and to extend blessing to actions amply justified by secular concerns. They make up the "Left" philosophy and psychology and while they probably will continue to be refined and reconsidered and "brought up to date," they should be forgotten.

1. *The theory of "classes."* That amiable animism which has always served mankind so well by way of dramatizing otherwise colorless natural processes has endowed the "Left" with a heroic theory of society on the grand scale. On this view mores, milieus, even machines appear as individuals possessed of personalities with interests of their own at heart. The "classes," as they are called, are furthermore gifted with powers for good and evil. We read that the laboring (or perhaps the middle) class is the hope of the world. Even the growth of science and the application of knowledge to human organization take on the guise of a class "struggle."

This inveterate propensity to dissect affairs in terms of

hierarchical groups cannot conceive social processes except as "leadership," "rule," and "control." We find Leftists saying that modern industrial processes are built on centralization of "authority" and "rigid organization from the top down into which each worker fits at his appointed hierarchical level." Painting, composing, and writing are seen as the "creation" of an "aristocracy of talent." Intellectual activity is treated as a special type of "controversy." It is perhaps gratuitous to point out that science and the technical and fine arts know nothing of these institutional categories of status and authority and cannot be explained in their terms.

Leftists now recognize in practice that classes—social incarnations of science and superstition—do not exist. The atom of social good and evil is the habit, the idea. Of course no class has a monopoly on scientific (good) action and no Leftist analyst ever says so except for rhetorical purposes. Rather each individual (which is to say, the community) is seen to be a mixture of "progressive" and "reactionary" habits. It is notorious that *avant-garde* artists are reactionary in politics, and vice-versa. *Habits that cut across class lines* inhibit or liberate life, they are human or inhuman, and the Leftist's practical concern is with revising *them*, not liquidating classes. It is a recurring hard question for the Leftist whether we are in the muck because pirates are in authority or because people *trust* pirates to run their affairs.

"Class," like other Marxist jargon, is, as Wright Mills has pointed out, *needlessly* alienative. But the point is not merely to change the language to avoid estranging people. The point is to drop the belief altogether because it hinders analysis and estranges people to boot.

2. *The divergence of class "interests."* It is hard to find a Leftist today who does not accept the divergence of class interests along with the roundness of the earth; this as a matter

of form. It is also almost impossible to find this belief in the substance of their theorizing and practice. They may write (for instance) that the Government is "labor's" chief antagonist or raise the query: Tax reduction *for whom?* But when the actions of Government are portrayed it is seen that what is had in mind is that they are inefficient actions; inefficient, that is to say, for everybody, for cultural continuity if you want to put it that way.

It is apparent from a study of their writings that what Leftists really mean by a conflict of interests is a conflict of *habits*. Convert the axiological into motor terms and their discourse presents no difficulty. At least the only difficulty is that, like other aspects of "class" doctrine, it is needlessly alienative.

There are two good reasons why Leftists should never, never even *talk*, in their most frivolous moments, as if they believed in a divergence of class interests. In the first place, it sounds like they accept bourgeois values, that they believe it is really to the benefit of the rich to carry on as they do, and who since "The Little Foxes" and "Mrs. Parkington" could take seriously people who say such things? In the second place, it's as impossible to talk about atomic power and full employment and plastics *hurting* anybody as it is to talk about unemployment and slums and killing *helping* anybody. As Leftists are coming to recognize (implicitly), science and sanitation and social progress don't hurt anybody's *real* interests (and unless they mean real interests, they should say conflicts occur between habits) and depressions make even capitalists jump out of windows.

3. *The labor theory of value*. This theory of authorship is of course linked intimately with the theory of class. Like its partner it never comes onstage save for State occasions. In actual analysis it has no place. What Marx was getting at was the inefficiency of economic institutions. In his system

labor was a pecuniary not a motor category. At the same time he felt that keeping the machines running was not a good enough end in its own right and therefore to "justify" changing the institutions he reiterated an old fairy tale to the effect that workingmen "create" the means of life with their labor.

Of course this theory is precisely comparable to that in which "capital" plays the stellar role, or to that which endows the artist with heroic powers. As we now know, the productive process is a communal process and any individual worker achieves what he does by virtue of the communal accumulation of tools. Technological (or artistic) proficiency is an affair of the whole community and its cultural heritage; of its knowledge of ways and means by far the greater part comes down out of the past.

It is not because they are getting "robbed" of the "produce of their labor" that workers should have their purchasing power increased. It is because continually expanding mass markets are requisite for industry to keep going at all.

4. *The extortion theory of history.* Among the gaudiest trappings of contemporary Leftists is their theory of history. It, perhaps more than any other totem, is the proudest shown and most publicly paid verbal homage; while their very lives show that the feet of this idol are clay.

"Every group of workers," a Leftist writes, "like other social groups, gets just as much as it has the strength and daring to extort." Don't talk to *me* about your Casals and your Einsteins, he shouts; they're just like Jay Cooke and Commodore Vanderbilt. (Except weaker and less daring, of course.)

Besides being a well-nigh insufferable insult to most people (who occupy themselves not with extortion but with reading and turning lathes and minding the baby) and a well-nigh intolerable libel on the rest (who don't "get" anything, ex-



cept an accumulation of pecuniary symbols and perhaps stomach ulcers) this theory is not true to history, even Leftist history. It is a brave man these days who ventures that people have "got" symphonies and windows in their houses by struggle, extortion, and other forms of "mutual defeat."

Not that the Leftists don't number such gallants. A recent writer calls intellectuals "the powerless people" because they are not "politically effective." (The classic example of the political ineffective being Marx, that bookworm of the British museum, I suppose.) He goes on to say:

Since the model of [the intellectual's] type of controversy is rational argumentation, rather than skilled violence or stupid rhetoric, it keeps him from seeing these other and *historically more decisive* types of controversy. (Italics added.)

Just *where* historically have violence and rhetoric been decisive? Of course the Leftist doesn't mention, and indeed will go on (in the pages that follow) to detail the gross *indecisiveness* of present-day "skilled violence." But the real proof that he is just kidding (or, rather, paying obeisance to a totem) in his own work. Peirce always said that what a man believes is what he does. On this criterion the author quoted and all the rest (whatever they say in moods of contrition and warlike emulation) believe the pen will take the sword hands down.

5. "*Rights*" and the brotherhood of man. When it feels it really has to bring out its blockbusters, PM, the New York newspaper that wears its social conscience on its sleeve, will say that a social issue is a matter of "human rights versus property rights." Well, one expects such things of PM. It is otherwise with serious Leftist critics. And in all fairness it must be said that they do better, most of the time. And it must also be said that when it comes to a formal, crucial statement of value they too take their stand on human rights and the brotherhood of man.

Thus articles devoted to the sabotage of Negro industrial capacity are indignant over the flouting of the (God-given) perquisites listed in the Constitution. The final (formal) ground on which a stand is taken against the impending League for Legalized War is the "sense of fellowship" and "respect for humanity." Removing conditions which make it impossible for homosexuals to work is justified by their right to "individual integrity." And so on.

The point about all these protestations is that they are beside the point. Whether or not Negroes or nations or homosexuals or people in general have rights, institutions and behaviors must and do come in for scrutiny on other grounds, grounds which make quite academic the discussion of "rights." Sexual discrimination is shown to interfere with the intellectual effort, racial discrimination to interfere with the war effort, the war effort itself to interfere with the cultural effort, and so on. "The citizens of industrial society must consume more abundantly," C. E. Ayres once wrote, "not because it is their right to do so, and not because justice or equality or any similar shibboleth is a valid guide to economic welfare, but because if they do not, industrial society will collapse, values and all."<sup>1</sup>

Five favorite Leftist concepts have been analyzed in the attempt to show that they are totemic devices essentially unrelated to the job at hand. The first criticism made was that these beliefs involve setting up ends-in-themselves. Policy cannot be justified by calling it "pro-labor," and people are certainly not born into any "inalienable rights." Actions

<sup>1</sup> A poignant recent illustration of the naïveté (and ineffectiveness) of the doctrine of rights is the Left opposition to the proposed compulsory military training. So concerned was it with the protection of the Individual against the State that quite generally the basic argument of military training proponents was unchallenged; namely, that military training is a preparedness measure. There is no evidence that such is the case. Machines and techniques win wars, and it is no accident that the nation with the longest history of insubordination and lack of discipline—anathema to the "military spirit"—is also the nation which unlocked the secret of atomic energy. Radar and streptomycin are not discovered on the drill field.

must be judged in terms of their consequences. Social change is essentially a learning process, and the learning process cannot be short-circuited. To posit this does not mean gradualism, compromise, but just the opposite: uncompromising theory and uncompromising analysis of *all* "classes," *all* means. If "politics" be defined as the creation of "myths" to "win" the masses—what Marx called "names, battle slogans, and costumes"—then what we will eventually witness is not the reform of but the abolition of politics.

The second criticism was that these concepts do not arise out of the work of analysis itself but are efforts to battle with false problems from the metaphysical past. Such is the problem of "interests": the problem exists at all only because two words, "self-interest" and "general welfare," happen to exist. Such is the problem of "rights": who has what rights and how they are to rank in case of conflict is not an issue for intelligence to solve but an affair of *ipse dixit*.

What little we have to be thankful for in social discussion today is precisely due to the fact that social theorists are forgetting these problems and others like them. In a famous article A. F. Bentley once asked physicists who were getting excited about the "philosophical" ravings of Jeans and Eddington: "What difference can it make to the physicist whether 'ideas,' 'concepts,' 'minds' really 'exist' or not, or whether anybody else thinks they exist or not?" Somebody ought to say to the Leftists: "What difference can it possibly make to you whether 'classes' or 'rights' or 'interests' really exist or not? Get on with your work."

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## Social Planning for Human Rights

WE ARE NOW ENTERING a new kind of future, and constructing slowly and with difficulty a super-national philosophy, while we still operate under the historical facts of nationalism. Thus, to put the matter in Hobbes's terms, actions which proceed from human passions cannot be sinful until men make a law which forbids them, "nor can any Law be made, till they have agreed upon the Persons that shall make it." We are in the throes of finding the persons who shall make it, and, when we consider the present situation in its historical setting, we have moved towards a set of laws which represent an extraordinary advance over those which we had at the beginning of the century. We have moved into a group age of group man, although saturated with an individualistic and national morality, with a group philosophy relatively undeveloped. We talk and think as if there were an abrupt conflict of values between the individual and his society. We ask with Cyril Connolly, "Which side are you on? The Corn-goddess or the Tractor? The Womb or the Bulldozer?"

That separation is false.

The inner and the outer world are not sharply separated, nor can the individual be split off from his group. The inner personality in some of its deepest satisfactions merges with other individual personalities, learns from them, is part of them. We live, and feel, and win our greatest values in society and through society, and do not destroy the inner life by sharing it. On the contrary, we enhance it, enlarge it, and enrich it. When we cling to the womb and are frightened by the tractor, we find it impossible to understand the group philosophy which the new age has forced upon us and upon which it is operating. When we find notions and political parties and social groups forcefully using a philosophy which takes as its ideal the collective advance of groups of individuals rather than the individual advance of separate human beings, we retreat to the womb of America, and shudder in dreams of domination by collective States.

Yet we already have a collective industrial society in America, and a wide variety of group controls, established by a democratic process. What our situation now demands is not only the continued protection of individual rights under the existing order, but new planning for a society in which new rights are given to many more individuals than ever shared in them in the past. All our national and international planning must be related to that central demand.

HAROLD TAYLOR

## Henry George: Haymarket and Tariff Reform\*

By ANNA GEORGE DEMILLE

DURING THE preceding decade grossly unjust labor conditions in the big industrial plants had resulted in a growing group of rebels who might today be designated as "leftists," but who were then confusedly and interchangeably called "Anarchists, Communists, Socialists."<sup>1</sup> They were groping for a way out of their economic difficulties but they focussed on immediate demands for the right to organize, to strike and to reduce their ten-hour working day to eight.

In the vicinity of Chicago this fight became intensely bitter and to cope with it the powerful industrialists used not only the State militia but private police forces of their own—the Pinkerton Detective Agency or "The Protective Patrol."<sup>2</sup> Bloody riots ensued. With working conditions so cruelly unjust, there developed a group of labor leaders who advocated "force against force" and openly advised, from platform and printed page, the making and using of bombs.<sup>3</sup>

On the night of May 4th, 1886, a mass meeting was held in the neighborhood of the Haymarket that, although called by a group of avowedly direct-action Anarchists, was devoted solely to advocating the eight-hour day with ten-hour pay. The meeting was held completely within the law, yet, as it was about to end as peaceably as it had begun, a body of policemen suddenly appeared and ordered that it be dispersed.

While the speakers were descending from the truck that had been their platform, a bomb hurtled through the air into the police ranks, immediately killing one and wounding scores of others. Swift retaliation followed, resulting in the death of one civilian and the injuring of dozens of others. This horrible tragedy with its toll of eight deaths and at a conservative estimate, eighty-two wounded,<sup>4</sup> threw the whole country into a ferment that continued during the long criminal court trial of the eight Anarchists before a jury chosen from nine hundred and eighty-one talesmen.

\* Copyright, 1946, by Anna George deMille. A section of a previously unpublished study, "Citizen of the World;" see *AM. JOUR. ECON. SOCIO.*, 1, 3 (April, 1942), p. 283 n.

<sup>1</sup> Abram S. Hewitt's phrase. See Post and Lebuscher, "The George-Hewitt Campaign," New York, John W. Lovell Co., 1886, p. 31.

<sup>2</sup> Gustavus Myers, "History of The Great American Fortunes," New York, Modern Library, 1907-1910, p. 352-4.

<sup>3</sup> For a complete account, see Henry David, "The History of the Haymarket Affair," New York, Farrar and Rinehart, 1936.

<sup>4</sup> *Ibid.*, p. 206.



The defense was not a denial that the accused men had for years advocated the use of physical force. It was not a denial that they had, on that very May 4th, printed the exhortation "To arms!" and "Revenge!" and "Workingmen arm yourselves and appear in full force!"<sup>5</sup> in their dailies and in circulars spread among the desperate unemployed. It was not a denial that one of them had been making bombs similar in workmanship to the one that produced such devastating results. It was a denial that there was *proof* that any one of the eight defendants had thrown this particular bomb.<sup>6</sup> The prosecution contended that although there might be no proof that any one of these eight had thrown the bomb, they were responsible for it having been thrown. After the trial which began on June 21st, the verdict of guilty was rendered on October 9th. The case was then carried to the Supreme Court of Illinois where, on March 13th, 1887, the judgment of the lower court was affirmed.

In October, 1887,<sup>7</sup> in Union Hill, New Jersey, a public meeting was held to express sympathy with the men condemned to the gallows. This meeting was broken up by the police. Henry George wrote in *The Standard* a protest against this attack on free speech. He wrote publicly and privately to the Governor of Illinois, urging that the death sentence be commuted to a sentence of imprisonment. He had believed that the anarchists were unjustly accused of the crime until he had read the "summary of the evidence which is embraced in the decision of the Supreme Court of Illinois."<sup>8</sup> One of the eight men originally accused had committed suicide. Wrote the editor of *The Standard*:

There was evidence to connect the seven men with a specific conspiracy to prepare dynamite bombs and to use them against the police on the evening on which the bomb was thrown. It was not indeed proved that any of the seven men threw the bomb, nor even was it proved who did throw the bomb, it was proved beyond any reasonable doubt that the men were engaged in a conspiracy, as a result of which the bomb was thrown and were therefore as guilty as though they themselves had done the act. . . .

In this country where a freedom of speech which extends almost to license is seldom interfered with, and where all political power rests upon the will of the people, those who counsel to force or to the use of force in the name of political or social reform are enemies of society, and especially are they enemies of the working masses. What in this country holds the masses down and permits the social injustices of which they are so bitterly

<sup>5</sup> *Ibid.*, p. 194.

<sup>6</sup> Sigmund Zeisler, "Reminiscences of the Anarchist Case," *The Illinois Law Review*, Vol. 21 (November, 1926), No. 3.

<sup>7</sup> Sunday afternoon, Oct. 2.

<sup>8</sup> Vol. 2 (Nov. 19, 1887), No. 20.

conscious, is not any superimposed tyranny, but their own ignorance. The workingmen of the United States have in their own hands the power to remedy political abuses and to change social conditions by rewriting the laws as they will. For the intelligent use of this power thought must be aroused and reason invoked. But the effect of force, on the contrary, is always to awaken prejudice and to kindle passion.<sup>9</sup>

Not satisfied with his own opinion, he sought the legal opinion of Judge James G. Maguire, who also studied the summary and was convinced that the anarchists were guilty. This confirmed George in his decision. "Our bench is not immaculate" he wrote, "but I could not believe that every one of the seven men [the judges], with the responsibility of life and death hanging over them, could unjustly condemn these men."<sup>10</sup>

A final appeal was made to the Supreme Court of the United States, where after a six-hour hearing, three given to each side, the Federal justices denied a "writ of error." The Governor of Illinois refused to pardon the condemned men and on Nov. 11, four of the eight were hanged. George felt more sorrow over the tragedy and understood the deep cause of it more profoundly than most of those who had accused him of heartlessness. In *The Standard* he wrote in a long front page article, on Nov. 19th:

With the mass of the so-called anarchists, anarchy is not a theory, but a feeling that working men are oppressed by an intolerable class despotism, and that the breaking down of governmental power by acts of violence is the only sure and speedy way of release. Anarchy is the child of despair. It is the impulse of the men who, bitterly conscious of injustice, see no way out.

Anarchy is an importation into the United States. It is not an accident that out of the eight men convicted in Chicago only one was of American birth. . . . But if anarchy did not find congenial soil it would not perpetuate and propagate itself on this side of the Atlantic. The foreigner, imbued with anarchist principles in a country where great standing armies maintain avowed class governments, crosses the ocean to a country where government is nominally based upon the will of the people. If he found here that political liberty brought social justice, that there was in the great republic room for all, work for all, and the opportunity to make a fair living for all, his anarchism would soon be forgotten, and the apostle of dynamite would, amid any class of our foreign population, meet only ridicule and derision. But what great bodies of the foreigners who come here actually do find, is that our political equality is little better than a delusion and a mockery, and that there exists here the same bitter social injustice which presses down the masses of Europe. . . .

<sup>9</sup> Vol. 2 (Oct. 8, 1887), No. 14.

<sup>10</sup> Letter to von Gütschow quoted by Henry George Jr. in "The Life of Henry George," New York, Robert Schalkenbach Foundation, 1943, p. 501.

And if it is true that there are among working men many who are disposed to condone acts of violence when committed by those who assume to be the champions of oppressed labor, is it not true that there is the same blind class feeling among the well-to-do? When Pinkerton detectives shoot down strikers; when superserviceable policemen club socialists, is there any outcry from those who deem themselves conservative? . . .

The anarchists are not our most dangerous class. Back of the men who died on Friday in Chicago with a fortitude worthy of a higher cause; back of the men who sympathize with them in their deed, is a deep and wide sense of injustice. Those who are the most responsible for the existence of this are those who, having time and opportunity and power to enlighten the public mind, shut their eyes to injustice and use their talents to prevent the arousing of thought and conscience and to deny any peaceful remedy that may be proposed.<sup>11</sup>

Several of George's friends, Louis F. Post among them, later concluded that if he could have had access to the full testimony of the case, and not merely to the summary, he would have had greater belief in the innocence of the condemned men. Suffice it to say that—a radical himself—it would have been the easier part for Henry George to have sided with other radicals. If he, as one of his detractors accuses him of doing, "simply traded his earlier sympathy with the condemned men for votes,"<sup>12</sup> he acted stupidly, for by his stand he lost the approval of most of the large "communist-socialist-anarchist" group who were caught in the hysteria of that period. Actually, regardless of consequences, he took what he considered the just course, thereby bringing down on himself the epithet of "traitor."<sup>13</sup> "It is in the nature of things," he wrote von Gütschow, "that the man who acts solely by conscience must often be misunderstood and seem to others as if he were acting from low motives, when in reality he is acting from the highest."<sup>14</sup>

So when the "leftists" added their weight to the other forces fighting George in his Secretary of State campaign, the combination made for his overwhelming defeat on election day. When the ballots were counted the Democratic candidate had 480,000 votes, the Republican 459,000 and Henry George only 72,000.

<sup>11</sup> *Loc. cit.*

<sup>12</sup> Henry David, *op. cit.*, p. 402.

<sup>13</sup> Benjamin R. Tucker, "Henry George, Traitor," pamphlet, 1896. Albert Jay Nock in "Henry George, An Essay," New York, William Morrow and Company, 1939, p. 199, says, "His acquiescence in the shocking miscarriage of justice which hanged the Chicago anarchists, Spies, Parsons, Engel and Fischer, accused of complicity in the murder of certain policemen in 1885, alienated great numbers of people; and neither his attitude towards anarchism nor his attitude towards socialism conciliated a single one of those who regarded his own social doctrine as substantially on the same footing with either the one or the other."

<sup>14</sup> Henry George, Jr., *op. cit.*, p. 502.

Louis F. Post, candidate for District Attorney on the local ticket of the Labor Party, was also defeated. Carrying the sad tidings from *The Herald* bulletin board to campaign headquarters, the two men rode uptown on the front platform of the street car. Post chronicles that, knowing his friend's oft-expressed faith in Divine Providence, he suddenly asked, "George, do you see the Hand of the Lord in this?" And George, looking at him with "an expression of simple confidence," instantly replied: "No, I don't see it, but I know it's there."<sup>15</sup>

They arrived at the United Labor Party quarters to find their co-workers crushed with despair over their defeat. George sprang to the little platform and spoke words of high courage that made his listeners cheer and cheer and then crowd about him and grasp his hands. This same note of faith and hope he sounded at the Anti-Poverty meeting a few nights later:

It is within the power of each of us, the weakest, the humblest, to help the movement forward a little; it is not in the power of all of us to stop or to stay it. When a truth like this comes into the world, when it gets as far as this has done, then the future is secure.

Through strife, through defeat, through treachery, through opposition, the great cause will go on. There is something behind it more powerful than we; there is something behind it that will urge it on, no matter what we may do or what we may not do. And for ourselves, what reward can be greater than that of knowing that no matter what comes today or tomorrow or next week or next year, we struggle, do our little best on the side of that power that all through the Universe works for good?<sup>16</sup>

And in *The Standard* he wrote:

We may be disappointed but we are not disheartened. We who have taken the cross of the new crusade did not enlist for a pleasure excursion. If our hopes had grown too high and in the ardor of movement we had come to look forward to a march that should be a succession of triumphs, we can yet face disaster and gather strength from disappointment. . . . Such a tremendous social revolution as that at which we aim—the beneficent and peaceful social revolution which will emancipate labor and abolish poverty—must, in the nature of things, require time and work. . . . I have always declared that I cared little for how men voted, and much for how they thought. I accepted the nomination for mayor of New York last year solely because my candidacy would arouse discussion and set men to thinking about a great truth. It was the same reason that compelled me this year to accept the nomination for secretary of state. And as it is with

<sup>15</sup> Louis F. Post, "The Prophet of San Francisco," New York, The Vanguard Press, 1930, p. 113.

<sup>16</sup> The meeting, held on Nov. 13, was reported in *The Standard*, Vol. 2 (Nov. 19, 1887), No. 20.

me, so it was with others. During all the campaign we have proclaimed it on every stump that we cared nothing for the election of candidates, but everything for the education of the people. Our campaign has been a propaganda. . . . Who is there to whom "years have not brought the philosophic mind," who, looking back over his own career, may not see how often what seemed at the time to be disaster has really proved a blessing in disguise; that opportunity has come out of disappointment; and that the thing which he at the moment most strove to gain would have proved the thing which it would have been worse for him to have?<sup>17</sup>

Opportunity did seem to come out of disappointment—a chance to make an active, concentrated attack on protection. President Cleveland, in a message to Congress, had called for a reduction of the tariff. It was far from being a demand for free trade; it was merely a plea for tariff reform, but it was bravely made and stubbornly fought for. To Henry George it was a battle call. Since the Tilden campaign in 1876, he had fought with pen and speech to abolish the tariff. He had written a 356-page book discussing protection and free trade and now he felt that he would be better serving his cause by supporting Cleveland for re-election than by supporting a candidate nominated by the United Labor Party, who could not possibly win. In *The Standard* he said:

I regard the general discussion of the tariff question as involving greater possibilities of popular economic education than anything else. . . . I will support Mr. Cleveland, not as the best thing I would like to do but as the best thing I can do. When the wind is ahead the sailor does not insist on keeping his ship to the course he would like to go. That would be to drift astern. Nor yet for the sake of having a fair wind does he keep his yards square and sail anywhere the wind may carry him. He sails "full and by," lying as near the course he would like to, as with the existing wind, he can. He cannot make the wind, but he can use it.<sup>18</sup>

Most of George's erstwhile supporters agreed with him in this stand, but some of them preferred to stick with the Labor Party. One of these was Dr. McGlynn. Although an ardent free-trader and on friendly personal terms with Cleveland, the priest did not want to ally himself with the Democratic Party since it was represented in New York by Tammany Hall, which had played such an influential part with Archbishop Corrigan in trying to crush the Single Tax movement and those who espoused it. George, in refusing to try to make a national party of the United Labor Party, seemed to some to be deserting the group who were trying to push his own teachings. But he believed himself to be making a surer step toward his goal by supporting Cleveland. In an editorial in *The Standard* George wrote:

<sup>17</sup> *Op. cit.*, Vol. 2 (Nov. 12, 1887), No. 19.

<sup>18</sup> *Op. cit.*, Vol. 3 (Feb. 18, 1888), No. 3.



To bring an issue into politics it is not necessary to form a party. Parties are not to be manufactured; they grow out of existing parties by the springing forward of issues upon which men will divide. We have already to hand, in the tariff question, a means of bringing the whole subject of taxation, and through it, the whole social question, into the fullest discussion.<sup>19</sup>

The divergence of opinion caused a split in the Anti-Poverty Society. In order to avoid more unhappy controversy, George and his followers withdrew. In confidence George wrote of the matter to an intimate:

You of course only know what had appeared in the papers, and I, as far as possible have refrained from "washing dirty linen in public." . . . The truth is our little [United Labor] party early developed a little "party machine" using to the full measure his [Dr. McGlynn's] influence. . . . I would not assent to this, and finally the Dr. and the machine which was really using him, read me and my friends out of the party and the Anti-Poverty Society. I would not contest this, but with my friends, left the whole thing to them.

After the first pain of separation from a man to whom I had given a most loyal support, I have not been sorry for this. We are now rid of the floatwood and the people who aim to use a movement as soon as it begins to show influence, and will not get into such a place again. . . . This campaign is doing wonderful work for us, and under the surface our doctrines are permeating in all directions.<sup>20</sup>

The main issue of the Cleveland campaign was tariff reform although the reactionaries and protectionists inside the party were almost as rabid as were the Republicans in attacking this policy. But George went into it whole-heartedly for absolute free trade. He spoke many times to very large audiences in New York as well as in other cities. Indeed, so strong was the campaign of the Single Taxers that the tariff reform men felt constrained to temper their preachment by chanting, as they marched in the Democratic Party parades:

"Don't, don't, don't be afraid—  
Tariff reform is not free trade!"

And Cleveland and Thurman lost to Harrison and Morton, which George believed was due to the lack of radical aggressive tactics on the part of the Democrats.

*New York*

<sup>19</sup> *Op. cit.*, Vol. 3 (Feb. 18, 1888), No. 7.

<sup>20</sup> Written on *The Standard* note paper, 12 Union Square, Oct. 22, 1888, to von Gütschow. (In the private collection of the writer.)

## Public Control of Radio

IN MANY FIELDS of enterprise we need less government control rather than more, but if there is one field that cries aloud for more social control, public as well as private, it is that of the radio. The commercialization of broadcasting, on a level that revolts the average radio listener, has brought exorbitant profits to radio station owners. One student calculates that the licensees reap, on the average, an annual profit of \$2.25 for every dollar of investment value.

These profits arise not as rewards for rendering service of unusual merit by presenting programs of high cultural or entertainment value, but from a variety of conditions that permit a few station owners to maintain a monopoly of radio broadcasting. Among the several conditions which are basic is the technical fact that the long wave channels are limited in number. Recognizing that these air waves are a national resource which belong to the people as a whole, the law establishing and fixing the structure for the industry gives temporary licenses to individual station owners, permitting them, as a special privilege from the nation, to enjoy a monopoly of particular channels, on the theory that they will share the profits of that monopoly with the public in the form of free service.

The banality of present-day broadcasting is proof enough that the theory does not work. But the financial records confirm the impression of the average listener. Between 1938 and 1944 profits quadrupled, but expenses only doubled. Expenses absorbed 83 cents of each dollar of revenue taken in by the stations and networks in 1938, but only 67 cents in 1944.

Perhaps the newer types of broadcasting that are promised will break down the monopoly in radio channels. Until they do, the Federal government should seek to recapture every penny of profit in radio station ownership above the level required to attract new capital to the industry for legitimate capital investment. Certainly it should be possible for the resource and tax economists to develop norms for levying such special franchise taxes. They would recover for the Treasury the full annual monetary value of the license, now being exploited without adequate return by private owners for their own profit. By helping to cut profits to a competitive level, such taxes would make it easier to regulate broadcasting practices by statute and by private agencies.

W.L.

## · R E V I E W S ·

### Comment on Recent Literature on Nationalism and Minorities\*

By JOSEPH S. ROUCEK

MUCH HAS BEEN WRITTEN, during the last two decades, on the evils of nationalism, particularly during the second decade after World War I. The general tone of most of these publications seems to have been that the solution of the problem of nationalism would be also the solution of the ever-recurring curse of war. The smaller nations, in particular, have been charged with excessive nationalism, which is said to be an obstacle to effective international politics and economic collaboration. It is possibly needless to point out that modern nationalism will not be abolished just because it has proved to be such a disastrous social force. In fact, if anything is obvious, it is the fact that nationalism has been on the increase due to the disastrous policies followed by Nazi Germany during the war which set Europe's various peoples against each other and whose hate for each other has grown under these deliberate designs. The bubbling nationalistic demands of the Near East, India, Indo-China and China, for example, are but additional signs showing that the contemporary direction is not *against* the phenomenon of nationalism but for a bigger and better kind of nationalism.

This trend is also reflected in the growing flood of treatises and books analyzing this persistent phenomenon. Unquestionably, the most able and deep-searching of all the publications have been the works of Kohn.<sup>1</sup> While his now justly famed "The Idea of Nationalism," will remain for a long time the most systematized and scholarly investigation of the various concepts of nationalism—and how they had arisen—his latest work shows how separate ideas of nationalism developed in Britain, France, Italy, Germany, and Russia during the nineteenth century, and how they influenced and often contradicted one another. They are presented here through a searching analysis of leading thinkers—Mill, Michelet, Mazzini, Treitschke, and Dostoevsky—each of whom affected his people's idea of nationalism; these ideas in turn have shaped, and continue to shape, national policy. To

\* This article does not pretend to cover the literature of the subject comprehensively; the reader will notice several significant omissions. The volumes surveyed include only publications sent to this journal for review or those accessible to the reviewer.

<sup>1</sup> Hans Kohn, *The Idea of Nationalism*, New York, The Macmillan Co., 1944; *Prophets and Peoples*, New York, The Macmillan Co., 1946.

repeat, Kohn stands at the head of the long parade of those who are searching for a better understanding of that strange phenomenon of nationalism.

Two other recent studies of nationalism, those of Hertz<sup>2</sup> and Cobban,<sup>3</sup> are substantial but cannot reach the high level achieved by Kohn. In turn, of these two, Cobban has done a better job than Hertz. Cobban has gathered, from far and wide, a lot of interesting information about the theory and practice of the problem of "self-determination," its origins, its influence upon the Peace Treaties, and how the many concrete problems raised by the claims of national sovereignty complicate the international situation today. His is a valuable, although very small book. Hertz' publication, on the other hand, one of 417 closely printed pages, is packed with undigested information from far and wide about the problem of national consciousness, and the relations of nationality, race, language, religion, the national territory, "the national will and character," the social background of modern nationalism and political thought in relation to the nationalistic ideology. In general, the book is a better handbook, to be consulted for individual points involved in the investigation of nationalism, than a systematic study of the complicated phenomenon of nationalism.

The varied aspects of nationalism, approached from widely divergent angles, are presented by Hermens,<sup>4</sup> Barnouw and Landheer,<sup>5</sup> Martin,<sup>6</sup> and Maki.<sup>7</sup> Of these, Hermens' is the most important, but also the most bore-some. Hermens, a German-born American, if I am right, has been knocking himself out in a steady stream of articles and publications, "proving" that it is a terrible mistake to attribute all the evil in mankind to the people of Germany (and also to the people of Japan). It seems that the debates of this point have passed over Hermens' head, who still thinks that he has to fight a war to establish where the guilt ought to be pinned. In fact, there is no argument, for those of Hermens' point-of-view will remain unconvinced that all the Germans participated in Hitler's crimes, while their opponents, headed by Lord Vansittart, are just as determined to fight the thesis of Hermens' faction to the last German. Barnouw's and Landheer's work is the best available summary of the contributions of Holland to such

<sup>2</sup> Frederick Hertz, *Nationality in History and Politics*, New York, Oxford University Press, 1944.

<sup>3</sup> Alfred Cobban, *National Self-Determination*, New York, Oxford University Press, 1945.

<sup>4</sup> Ferdinand A. Hermens, *The Tyrants' War and The Peoples' Peace*, Chicago, University of Chicago Press, 1944.

<sup>5</sup> A. J. Barnouw and B. Landheer, *The Contribution of Holland to the Sciences*, New York, Querido, 1943.

<sup>6</sup> Frederick Martin, *The Junker Menace*, New York, Richard R. Smith, 1945.

<sup>7</sup> John M. Maki, *Japanese Militarism*, New York, Alfred A. Knopf, 1945.

varied fields as Theology, Philosophy, Psychology, Sociology, History, Law, Economics, International Law, History of Arts, Economics, Musicology, Oriental Studies, Library Science, Astronomy, Mathematics, Physics, Chemistry, Medicine, Plant Biology and Architecture. Martin's thesis must surely be rejected by Hermens, for he preaches, rather convincingly but not conclusively, that Germany's imperialist policies are the result of a peculiar mental and moral attitude brought about by the Prussian Junkers, who, "sinister in character and ruthlessly striving for power, long held a firm grip upon the Prussian population through their control of the army, the bureaucracy and education." He shows how, under Bismarck's leadership, the whole German Reich came under Junker domination and how the middle classes were won over to share the Junker ideas of caste arrogance and aggressive violence, thus making the domination complete. Through Hitler, the Junkers projected their mentality into the rest of the German people. Maki, an American of Japanese descent, argues "the war against Japan is a war against people and a war against ideas. The United Nations are winning the war against people, but they have yet to give convincing evidence that they are attacking the ideas that have made Japan dangerous." It is the ideas of the Japanese political, economic, and military oligarchies that are here discussed. It is the nature of the Japanese State and of the ideological influence that have made the Japanese people what they are that are here held up to the light of intelligent and lucid analysis. If Mr. Hermens and Lord Vansittart are really interested in pursuing the question of war guilt with relation to Germany and all the other western powers, they might consider Mr. Maki's approach.

One of the most neglected aspects of modern nationalism is that which would consider its operation among the masses; so far, most investigations have concerned themselves with the origins of the movement and how the individual ideologists have given it expression. Moore's monograph,<sup>8</sup> in this respect, is probably the latest and most competent analysis of the peasant mentality as influenced by the economic, social, agricultural labor and tenure systems of the countries between Germany and Russia. While the emphasis is mainly on the demographic and economic factors, the student of modern nationalism in the "marginal lands" of Europe will use Moore's book as a handbook for further investigations.

To determine what is a "minority" is one of the most difficult problems facing the social scientist. The problem of minorities, it is true, has always existed in one form or another. There have always existed individuals

<sup>8</sup> Wilbert E. Moore, *Economic Demography of Eastern and Southern Europe*, New York, Columbia University Press, 1945.



and groups that differ from the numerically stronger clusters in some form or another. But that would apply the concept of a "minority" to everything concerning human beings. Hence the concept "minority" needs elucidation, since it cannot be always taken in its purely quantitative sense.<sup>9</sup> History shows that minority domination over a numerical majority was of common occurrence, especially in antiquity and in the Middle Ages; and that, according to recent investigations in political science and sociology by such specialists as Pareto, Mosca and Roberto Michels, a minority always dominates a political system.

As far as we are concerned, the problem of minorities can best be treated in terms of religious, racial and national minorities. While religious and racial minorities are usually easily identified, the "national" minorities are not so. But, to keep the discussion short, the concept of "national minority" ordinarily means that its members constitute a numerical minority of the population and are themselves unable to exercise a controlling influence on public affairs within their own State. This does not include the possibility that the minority may sometimes impose its will by acting in common with the majority or with some other national minority having parallel interests. However, such arrangements, often only transitional, do not change the general aspects of the problem.

How to protect minorities against intolerant States and majorities is just as grave a problem today as the problem of war. In fact, we realize today that the persecution of minorities by the dictatorial régime of Hitler was but an initial step in his plan to conquer Germany and then the world.<sup>10</sup>

The efforts to deal sensibly and on a world-wide basis with this international problem of minorities by the Minorities Treaties are extremely ably analyzed by De Azcárate,<sup>11</sup> whose small volume is, in a way, a tombstone on the effort of the League to bring about international action on the handling of the nationalistic minorities.

More than any other minority, the Jew has suffered as the scapegoat of all scapegoats and as the minority bearing the disadvantages imposed upon all minorities. Today in Europe (outside the Soviet Union) there are hardly more than 2,000,000 Jews left of the 6,000,000 who had lived there

<sup>9</sup> See a valuable study by Joseph Sulkowski, "The Problem of National Minorities in its Sociological Aspects," *Bulletin of the Polish Institute of Arts and Sciences in America*, II (October, 1943), pp. 126-257.

<sup>10</sup> Cf. Joseph S. Roucek, "Group Tensions in the Modern World," Chapter XI, pp. 161-81, in Lyman Bryson, Louis Finkelstein and Robert M. MacIver, Eds., *Approaches to National Unity*, New York, Harper and Brothers, 1945.

<sup>11</sup> P. de Azcárate, *League of Nations and National Minorities*, New York, Columbia University Press, 1945; (reviewed at length by P. Ucker, "International Protection of Minorities," *AM. JOUR. ECON. SOCIO.*, Vol. 5, No. 3 (April 1946), pp. 419-21).

before the Nazi plague. The Jewish world population has been reduced by nearly one-fourth—the greatest percentage of loss sustained by any people in modern times. Jewish refugees constitute a major element in the present-day refugee problem and are discussed in an impressive and most exhaustive treatment by Tartakower and Grossmann.<sup>12</sup>

It is frequently forgotten that the Russians are not one nation or nationality but only one of 100 or so different peoples living within the borders of the Soviet Republic, not to speak about the scores of Soviet peoples less familiar to us who together with the Russians are building a new world. Strong has provided us with a very attractive and readable introduction in this respect; more than one hundred photographs are a very useful addition to this handbook.<sup>13</sup>

During the summer of 1945, the March of the Displaced Persons, the biggest and quickest mass migration in world history, took place. In the background was the use of foreign labor in Germany by the Nazis<sup>14</sup> and the displacement of Europe's populations by the Nazi overlords.<sup>15</sup>

What are the conclusions that we may draw from this survey of the literature on nationalism and minorities?<sup>16</sup>

Nationalism remains the most potent force in the world today. As the most explosive and powerful force, it needs more systematic investigation, and particularly that developed by Kohn. Only a series of specialized, systematized studies of the various phases of nationalism on different levels will be valuable in the future; the days of generalized and philosophical approaches to this problem are gone. Such publications are only wasteful.

<sup>12</sup> Arie Tartakower and Kurt R. Grossmann, *The Jewish Refugee*, New York, Institute of Jewish Affairs, 1944.

<sup>13</sup> Anne Louise Strong, *Peoples of the USSR*, New York, The Macmillan Co., 1944.

<sup>14</sup> International Labour Office, *The Exploitation of Foreign Labour by Germany*, Montreal, International Labour Office, 1945.

<sup>15</sup> Eugene M. Kulischer, *The Displacement of Population in Europe*, Montreal, International Labour Office, 1943. (Joseph B. Schectman, *European Population Transfers, 1939-1945*, New York, Oxford University Press, 1946, not yet available to the reviewer, promises to be also an important contribution to this field of fluid information.)

<sup>16</sup> For the sake of the record, the following publications have also appeared in this field: Hilda D. Oakeley, *Should Nations Survive?* New York, W. W. Norton, 1943; John R. Ellington, ed., *Essential Human Rights*, in the *Annals of the American Academy of Political and Social Science*, Vol. 243, 1946; Albert R. Chandler, *Rosenberg's Nazi Myth*, Ithaca, N. Y.: Cornell University Press, 1945; Edward H. Carr, *Nationalism and After*, New York, Macmillan, 1945; C. L. Becker, *How New Will the Better World Be?* New York, Alfred A. Knopf, 1944, chapter III, "Can We Abolish Nationalism?" pp. 44-74; Abraham Revusky, *Jews in Palestine*, New York, Viking, 1945; Oscar I. Janowsky, *Nationalities and National Minorities*, New York, The Macmillan Co., 1945; Hector M. Chadwick, *The Nationalities in Europe and the Growth of National Ideologies*, New York, The Macmillan Co., 1946; O. Douglas Weeks, "Recent Nationalism, Pan-Nationalism and Imperialism," pp. 66-82, in Joseph S. Roucek, Ed., *Twentieth Century Political Thought*, New York, Philosophical Library, 1946.

The psychological warfare of Hitler, Mussolini and Hirohito called forcibly to our attention that the use of minorities as a weapon of power politics can be of serious consequences; yet, the United Nations have thus far failed to give their full attention to this international problem *par excellence*. The need for considering this problem, the need for the awareness of the minorities' demands, the need for more factual information is more than obvious. Hence all valuable studies of this field must be more than welcome in this Age of Nationalism and Minorities.

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### Land Titles Investigated

*Land Title Origins, A Tale of Force and Fraud.* By Alfred N. Chandler.  
New York: The Robert Schalkenbach Foundation, 1946. 550 pp., \$3.

A prodigious amount of painstaking research has gone into the making of this book which lists in its bibliography one hundred and eighty-four of the best sources in the fields of history, economics and geography.

Beginning with the first landings on these shores, Mr. Chandler traces the history of land titles throughout the United States. A detailed account is given of the way land was appropriated, taken by force, granted to court favorites and sold by them to others. Each section of the country is treated separately.

In his summary of the reasons for migration to this continent Mr. Chandler ranks the desire for land as stronger than the desire for religious liberty. Bigotry and religious persecution, he points out, were widespread among those who, supposedly, had crossed the ocean in order that each might worship as he pleased.

The American Colonies, Mr. Chandler says, were not the haven of "free" land they are generally supposed to be. From early times, settlers were obliged to pay ground rents to titular owners. Except for some minor allotments in parts of New England, there was no free land until the passage of the Homestead Act two hundred and fifty-six years after the settlement at Jamestown.

The Indian attitude towards land-holding is described as one which did not recognize the right of private ownership. Several amusing incidents are related of how the Indians innocently sold the same piece of land several times over, leaving their bewildered customers to fight it out among themselves.

In a chapter devoted to the Public Domain, the author shows how the Federal Government amassed vast resources in land, much of which it later

sold to meet the national debt, offering for sale, however, tracts so large, at prices so high, that only speculators could afford to buy. The subsequent land booms in the West are held by some authors to have been largely responsible for the rapid development of the coastal territory. Nevertheless, it is hard to forget the impoverished thousands who were tricked into buying worthless land—stories of receptions staged at the railroad stations, with brass bands blaring a welcoming tune, the huge feasts which put the buyer into the "right" frame of mind, the oranges tied to Joshua trees are legendary—and the unscrupulous promoters who, overnight, became millionaires. The activities of the railroads in obtaining land grants are also described.

The wealth of information gathered by Mr. Chandler must certainly convince the reader of his conclusion that "all land titles of today run back to and are maintained by force." Frequently throughout the book he departs from his theme to show that what is true of America, is true in the same degree throughout the world. This, in fact, is his main thesis.

Perhaps only by the massing of such startling—often shocking—facts as are presented here, will modern man face and question, objectively, the present world-wide land policy. Many writers, both ancient and modern, are convinced that it constitutes a robbery of those who do not own land but who, by the will of the Creator, are entitled to participate equally in the advantages of a common heritage.

Mr. Chandler does not advocate nationalization of land or the confiscation of present titles. He believes that democratic means are available by which to secure for the public treasury the particular value which inures to land as a result of situation and demand. Intelligent reform, he points out, would unlock flood gates of opportunity to both capital and labor. The vast revenue which the public collection of land rent would yield, he believes, would immediately reduce, and ultimately abolish, taxes on production and consumption.

Dr. John Dewey, professor emeritus of Columbia University, New York, reports in a foreword that this book "brings together for the first time materials that are widely scattered," and is "a piece of historical inquiry into a very important aspect of the development of the United States."

Mr. Chandler was once a member of the lecture staff of the Wharton School of Finance and Commerce, University of Pennsylvania. Besides this, he has been active in politics and in public affairs. This is his first book and he may well be proud of it. It is an important contribution in its field.

V. G. PETERSON

*New York*

### Thinking, Writing, and Conscience

*The Clock of History.* By Alvin Johnson. New York, W. W. Norton & Co., \$3.

Henrik Ibsen once wrote that "to write is to sit in judgment over one self." Another generally accepted epigram is that all writing is subjective. Thoughtful people have a deep sense of responsibility for what they write. They realize that in presenting their thought in written form they are not only revealing themselves, but are setting free among their fellow men impulses that may have far-reaching consequences. The more thoughtful and conscientious they are, the more painfully careful they are to consider what they write that it be true. They test their thought and thus "sit in judgment over themselves," frequently convicting themselves for error necessitating a mending of intellectual behavior. But whether they thus scrupulously correct themselves or not, when men write they reveal their subjective selves to the bright light of public scrutiny.

In reality, of course, the responsibility of the individual to himself is no greater when he writes for the public than when he speaks casually to his neighbor, or even when he does his own unuttered thinking. Always he is responsible to his own conscience for the truth. But such is the enduring influence of the written word that both the author and his public have tacitly assented to the proposition that a man should be more solicitous of truth when he writes than when he speaks. It is wrong. A man should be guided by truth when he thinks, then he may freely speak and write and practice the arts.

How refreshing it is, then, to find in Alvin Johnson's "The Clock of History" the written evidence of a man who for the fourteen years during which these essays have come from his hand has thought truthfully! And long before that, of course. In this writing, bit by bit, he revealed himself as he was, but never without first "sitting in judgment" over his own thought. These little editorials from *The Bulletin* of the New School for Social Research, which he says he has "agglutinated" into chapters, bear the unmistakable stamp of Alvin Johnson both in conception and in craftsmanship. Assembled in this little volume they are like the Thorwaldsen Gallery in Copenhagen, where every piece of sculpture is different, but where each piece is related to every other by a sensible but indefinable unity in concept and by a form that could be achieved only by Thorwaldsen.

What Alvin Johnson has written here reveals the more intimate thinking of one of the truly great Americans of our day on matters of current



importance. Dr. Johnson has written more and elsewhere, of course. If you seek a complete record of him you must read that, too. But in these short spaces, making every word count double, he has packed the wisdom of a long life. He has posed problems and pointed issues so sharply that his column has often become the well-spring of growing currents of American public opinion. What he has said has often been taken up in the press and on the radio, there to be expanded by others until his own first clear voice has been lost among the many.

Here, as in all of his work, Alvin Johnson has proved the worth and the responsibility of the individual. In this day of mass media, mass organizations, and mass action, when everyone with a slogan to "sell" tots up large figures of dubious validity to show how many "voters" he represents, Alvin Johnson has never pretended to represent anyone but himself. The pulse-stimulating roll of propaganda leaves him unperturbably calm, except when it occasionally rouses him to scorn. Quietly, in the unassailable privacy of his mind, he measures the proffered cloth for length and breadth and expertly feels it for quality. Then he states his judgment. His own judgment. Again and again Alvin Johnson's thought has been tested by others and found valid. Therefore it commands unique respect.

BRYN J. HOVDE

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New York*

## Federalism for Germany

*Federalism and Regionalism in Germany: The Division of Prussia.* By Arnold Brecht. New York: Oxford University Press, 1945 (for the Institute of World Affairs), xvi + 202 pp., 9 appendices, 10 maps, index. \$2.50.

Dr. Brecht's book is the first of a new Monograph Series published by the Oxford University Press for the Institute of World Affairs. The book is part of the research project undertaken by the Institute of World Affairs on "Germany's Position in European Postwar Reconstruction." An earlier result of the project was Ernst Fraenkel's "Military Occupation and the Rule of Law."

Dr. Brecht makes clear at the outset that the whole problem of federalism is closely bound up with democracy and the way federal and regional problems are met in Germany concerns therefore not merely Germany, but the United States and all other federal countries as well. If we are to have a democratic Germany, a new solution for her inner structure must be found.

This statement might appear trivial in view of the general agreement among the victor nations on this point. But it gains new significance in Dr. Brecht's book. For Americans might hesitate to force on the German people a change in the federal structure contrary to the people's will. Dr. Brecht, therefore, lays before the public the full material which shows convincingly that the reform of the federal structure of Germany was demanded by the large majority of the people and of official commissions prior to Hitler, and that Hitler's so-called reform was definitely in conflict with these well-prepared democratic plans. They had not been made out of regard for foreign countries, but in the interest of the German people; it is therefore important to see to what extent they coincide with the changes other nations would wish to see effected in their own interest and in the interest of peace.

Dr. Brecht's recommendations, explicit and forthright, are made against the background of the history of the German states, especially Prussia and Bavaria; the attempts at democracy following World War I and the summary changes brought about by the Hitler regime. Here for the first time we have in English the plan of the official Reform Committee of 1928-1930 (of which Dr. Brecht was a member) which proposed the division of Prussia. We also have the text of the draft amendment to the Weimar Constitution, presented by the dying Prussian democratic cabinet to Chancellor Kurt von Schleicher in January, 1933.

This division of Prussia so strongly urged in 1933 is taken up again by Dr. Brecht and made the central recommendation of his study. Whatever else may happen to Germany, Prussia must be eliminated as a single unit, he urges. The reform is indispensable to any democratic administration of Germany. Dr. Brecht, who as Ministerial Director of Prussia helped draft the amendment, makes detailed proposals for this division and for a return of federalism and democratic decentralization. The pre-Hitler rights of the larger states other than Prussia should be restored and Prussian provinces or larger sections should become states with considerably broader rights of self-government than they had under the democratic régime. The Federal Council abolished by Hitler should be restored and should be composed of representatives of the various states, old and new.

Not the least valuable of the material which Dr. Brecht has brought together are the fourteen pages of maps and texts (pp. 30-44), wherein he shows graphically the differences in political opinions held by the various regions in Germany from 1919-1932.

They show, for example, to what degree western Germany was more democratic than central and eastern Germany. The Communists had

their most solid support in the center of Germany and the Ruhr area. The Catholic parties were strongest in the west, in the south and in Silesia, but many Catholics—in some regions one-third, in others more than 60 per cent of all Catholic voters—cast their votes for other parties, including the Nazi party. The Nazis, while they never obtained a majority of the votes cast up to the time of the last free elections in 1932 (except once in Schleswig-Holstein) did poll in these elections forty per cent and more in a number of districts, notably in the two farm belts running north-south from Schleswig-Holstein to the Palatinate and from Pomerania to Lower Silesia. On the other hand, it is encouraging to learn that in twenty-two of the thirty-five German election districts, the two nationalistic parties (Nazis and German Nationalists) never had a majority either separately or together so long as free elections were held, and that in twelve districts (including Berlin, the Rhine province, the Ruhr area and large parts of Bavaria), the nationalist parties failed to reach a majority even in March, 1933, despite the pressure under which these terror elections took place.

These opinions, Dr. Brecht holds, still obtain for the most part among the older members of the several regions, notwithstanding the changes brought by the war, and the maps might well form a starting point for information as to what to expect in the various regions. He concludes: "The prevalence of Catholics in the west and south, of farmers in the western and eastern German farm belts, and of industrial workers in the center and in the Ruhr territory, will probably continue to affect local political opinions, even after the overthrow of National Socialism."

On Dr. Brecht's own competence to direct such a study, I need not dwell. His experience is already well known. He was elected to the Graduate Faculty of the New School for Social Research in 1933. He was chairman of the Special Committee on Comparative Administration, Social Science Research Council; Supervisor, Army Specialized Training Program, German Area, College of the City of New York; Woodward Lecturer, Yale, 1944; Lecturer, Civil Affairs, Training Schools, Harvard, Yale and other Army programs, 1943-44; visiting lecturer, Harvard, 1937-40; also Columbia, Princeton, etc. In Germany, he held a number of leading administrative positions including Counsellor, Reich Ministries of Justice, Economics, Chancellery; Ministerial Director, Ministry of the Interior, Prussian State and Finance Ministries, 1910-33. He is the author of innumerable books and articles, including "Prelude to Silence—The End of the German Republic," widely reviewed in 1944.

AGNES DE LIMA

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1891. The first of the year was a very dry one, and the crops were much injured.

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